



# Northwest

## Corporate Governance Statement

This statement sets out Northwest's key governance framework, principles and practices. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and best practice in corporate governance.

### **ASX principles of good corporate governance**

Northwest, as a listed entity, must comply with the Corporations Act 2001 (Cwth) (**Corporations Act**), the Australian Securities Exchange Limited (**ASX**) Listing Rules (**ASX Listing Rules**) and other Australian laws. ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Principles of Good Corporate Governance and Best Practice Recommendations (**ASX Principles**) released by the ASX Corporate Governance Council. The ASX Principles require the Board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles.

### **Compliance with ASX principles of good corporate governance**

Details of the company's compliance with the ASX Principles are set out below. A checklist, cross referencing the ASX Principles to the relevant section of this statement is set out at the end of this statement.

#### **1. The Board and Management Oversight**

##### **(a) Framework**

The Board's primary role is the protection and enhancement of shareholder value. The Board has established a framework that:

- enables it to provide strategic guidance and effective supervision of management;
- clarifies the respective roles and responsibilities of Board members and senior executives;
- ensures a balance of authority so that no single individual has unfettered powers; and
- identifies significant business risks and ensures that those risks are well managed.

The Board has delegated responsibility for the operation and administration of the Company to the Managing Director. The Board has adopted a Board Charter which supports this delegation of responsibility by formally defining the specific functions reserved for the Board and its Committees and those matters delegated to management.

**(b) Composition**

The Board is comprised of three directors, being two non-executive directors and one executive director. The Board believes that the current structure of the Board is appropriate given the size and scope of Northwest's operations. In addition the Board believes it is able to exercise independence and judgment and possesses the necessary skills, expertise and experience required to effectively discharge its duties.

**(c) Independence**

Both of the Company's non-executive directors are independent. All directors are subject to the Directors' Code of Conduct which contains comprehensive provisions dealing with the obligations of directors to act independently, honestly, and in the best interests of Northwest as a whole and to avoid conflicts of interest. Compliance with the Code is a term of each director's letter of appointment or employment contract with Northwest. Senior managers not on the Board are regularly involved in relevant Board discussions and directors have the opportunity, both formally and informally, to meet with employees.

The Board monitors its effectiveness to exercise independent judgment and any issues that may arise due to the current balance of executive and non-executive and independent directors. Northwest will only recommend the appointment of additional directors to the Board where it believes the expertise and value added outweighs the additional cost.

**(d) Independent Professional Advice**

All directors have the right to seek independent legal and other professional advice concerning their duties or any aspect of Northwest's operations. Prior approval of the chairman is required, but this is not to be unreasonably withheld. If the advice is related to the chairman, then the approval can be provided by a independent non-executive director.

**(e) Nominations**

Northwest does not have a separate Nominations Committee and accordingly does not comply with the ASX's Principles of Good Corporate Governance Recommendation 2.4. The full Board considers issues that would otherwise be dealt with by a nomination committee including issues of Board renewal and seeks independent advice on Board evaluation.

**(f) Board Evaluations**

The Chairman of the Board is responsible for determining the process for evaluating Board performance. Evaluations are conducted annually. The evaluation process aims to produce continuing improvements in Board processes and overall efficiency. In addition, independent directors enter into formal letters of appointment which set out their rights, duties and responsibilities to the Company and all stakeholders.

**(g) Senior Executive Evaluations**

The Managing Director's performance is reviewed annually by the non-executive directors against agreed benchmarks for operational performance, financial and risk management. Remuneration review is linked to individual performance and Northwest's performance. A performance review was conducted during the financial year in accordance with the Company's processes.

## **2. Promoting Ethical and Responsible Behavior**

The Board and the Company's employees are expected to uphold the highest levels of integrity and professional behaviour in their relationships with all of the Company's stakeholders.

### **(a) Code of Conduct**

The Board has adopted a Code of Conduct which sets out the principles and standards with which all directors and employees are expected to comply in the performance of their respective duties. Compliance with the Code by Directors and employees will also assist Northwest in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing Northwest's corporate reputation.

The Code provides that Directors:

- must act honestly, in good faith and in the best interests of Northwest as a whole.
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- have an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

In addition, the Code deals with directors' duties in relation to shareholders, creditors, due diligence, conflicts of interest and use of information. The Code and its implementation are reviewed each year. The Code provides for reporting of breaches of the Code by others.

### **(b) Securities Trading Policy**

The Board has adopted a policy on dealing in Northwest's securities by directors, executive officers and employees which prohibits dealing in Northwest's securities when those persons possess price sensitive information which has not been released to the market generally. It also requires the Northwest's chairman to be notified when trading of securities in Northwest occurs.

## **3. Safeguard Integrity in Financial Reporting**

The exploration and development of natural resources is a speculative activity that involves a high degree of financial risk. Accordingly, the integrity of Northwest's financial reporting is a critical aspect of Northwest's corporate governance. The Board has implemented policies and systems to verify and safeguard the integrity of Northwest's financial reporting having regard to Northwest's size and activities. These policies include the rotation of auditors every five years and this year the Company's audit was transferred to PKF from RSM Bird Cameron.

### **(a) Audit Committee and Audit Charter**

Northwest has established an Audit Committee consisting of non-executive directors. The Audit Committee oversees matters concerning the integrity of the financial statements and financial reporting systems, compliance with financial reporting and related regulatory requirements and evaluating the external auditor's performance.

The Audit Committee's role is regulated by the Audit Committee Charter which sets out the Committee's responsibilities. The Audit Committee also reviews the auditor independence requirements of the Corporations Act in connection with the provision of non-audit services by the Company's auditor.

### **(c) Departure from Recommendations**

The composition of the Audit Committee does not comply with Recommendation 4.2 of the ASX's Principles of Good Corporate Governance which calls for the audit committee to consist of at least three members who should all be non-executive directors and a majority of whom should also be independent. Northwest's Audit Committee consists of two non-executive and independent members which reflects the overall size of Northwest's Board.

### **4. Market Disclosure**

The Board is committed to ensuring that trading in Northwest's securities takes place in an informed market such that shareholders and the investment community has confidence in the quality, timeliness and integrity of the information provided by Northwest.

The Board has adopted a formal disclosure policy outlining procedures for compliance with ASX continuous disclosure requirements. The policy is based upon the Company's desire to promote fair markets, honest management and full and fair disclosure. The disclosure requirements must be complied with in accordance with their spirit, intention and purpose.

The purpose of the policy is to:

- summarise the Company's disclosure obligations;
- ensure that all price sensitive information is identified;
- identify who is responsible for disclosure; and
- ensure disclosure is made in accordance with obligations under the ASX Listing Rules.

### **5. Shareholder Communication and Participation**

The Board recognises that shareholders, as the ultimate owners of the Company, are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares in Northwest.

The Company has adopted a communications strategy to ensure effective communications with shareholders and prospective investors.

#### **(a) Reports**

The Company ensures that:

- annual reports, quarterly reports, announcements, notices of meeting and other shareholder communications are prepared in a clear and concise manner
- all disclosures and communications are prepared in accordance with the general and continuous disclosure principles of the ASX Listing Rules and the Corporations Act
- that financial reports are prepared in accordance with applicable laws and industry best practice

#### **(b) Electronic Communication**

The Company maintains a website containing detailed information on Northwest's current exploration projects, corporate and investor information. The website is updated regularly. All announcements and reports provided to the ASX are posted on Northwest's website as soon as they are disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on Northwest's website. Shareholders and other interested parties are also encouraged to subscribe to the Company's email alert service where announcements and reports provided to the ASX are emailed directly to subscribers.

**(a) Shareholder Meetings**

The Managing Director reports to shareholders at the Company's annual general meeting. All shareholders are encouraged to attend the AGM and use the opportunity to ask questions. Questions can be lodged prior to the meeting and the Company makes every endeavour to respond to these questions. The external auditor is available to attend the meeting and answer questions.

**6. Controlling and Managing Risk**

**(b) Approach to Risk Management**

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility of the Board. The Board has established systems to identify, assess, monitor and manage existing material risks and monitor changes to the Company's risk profile having regard to Northwest's size and activities. The Board regularly monitors and receives advice on areas of business risk from both senior management and external experts.

**(c) Risk Management Systems**

Northwest's senior management are required by the Board to develop specific risk management and control systems to manage the Company's material business risks, in areas including exploration, health and safety, environment, legal, reporting and human resources. These systems have been developed to take into account an extensive range of legal and other obligations to all legitimate stakeholders. Senior management regularly report to the Board on the effectiveness of the implementation of these systems. The Board believes the Company's risks are being managed effectively.

**(d) Financial Reporting Risks**

In accordance with s.295A of the Corporations Act, the Managing Director has stated in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial conditions and operational results and are in accordance with the relevant accounting standards.

The Managing Director has also stated in writing to the Board that the statement relating to the integrity of the Company's financial statements and notes to the financial statements, is founded on a sound system of risk management and internal compliance and control which implements the policies approved by the Board, and that Northwest's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

**7. Remuneration Framework**

Details of Northwest's remuneration framework are included in the Remuneration Report in each year's Annual Report. The Board has a Remuneration Committee which is governed by a Remuneration Committee Charter.

## ASX principles compliance statement

		Compliance
<b>Principle 1:</b>	<b>Lay solid foundations for management and oversight</b>	
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	Comply
1.2	Disclose the process for evaluating the performance of senior executives	Comply
1.3	Provide the information indicated in the Guide to reporting on Principle 1	Comply
<b>Principle 2:</b>	<b>Structure the Board to add value</b>	
2.1	A majority of the Board should be independent Directors	Comply
2.2	The chairperson should be an independent director	Comply
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual	Comply
2.4	The Board should establish a nomination committee	Non compliant
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual Directors	
2.6	Provide the information indicated in the Guide to reporting on Principle 2	Comply
<b>Principle 3:</b>	<b>Promote ethical and responsible decision-making</b>	
3.1	Establish a code of conduct to guide the Directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to the: <ul style="list-style-type: none"> <li>• practices necessary to maintain confidence in the Company's integrity; and</li> <li>• responsibility and accountability of individuals for reporting and investigating reports of unethical practices</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices</li> </ul>	Comply
3.2	Disclose the policy concerning trading in Company securities by Directors, officers and employees	Comply
3.3	Provide the information indicated in the Guide to reporting on Principle 3	Comply
<b>Principle 4:</b>	<b>Safeguard integrity in financial reporting</b>	
4.1	The Board should establish an audit committee	Comply
4.2	Structure the audit committee so that it consists of: <ul style="list-style-type: none"> <li>• only non-executive Directors</li> <li>• a majority of independent Directors</li> <li>• an independent chairperson who is not chairperson of the Board</li> <li>• at least three members</li> </ul>	Qualified compliance
4.3	The audit committee should have a formal charter	Comply
4.4	Provide the information indicated in the Guide to reporting on principle 4	Comply

**ASX principles compliance statement**

		<b>Compliance</b>
<b>Principle 5:</b>	<b>Make timely and balanced disclosure</b>	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance	Comply
5.2	Provide the information indicated in the Guide to reporting on Principle 5	Comply
<b>Principle 6:</b>	<b>Respect the rights of shareholders</b>	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	Comply
6.2	Provide the information indicated in the Guide to reporting on Principle 6	Comply
<b>Principle 7:</b>	<b>Recognise and manage risk</b>	
7.1	The Board should establish policies on risk oversight and management and internal control	Comply
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to the Board on whether those risks are being managed effectively	Comply
7.3	Disclose whether the Board has received assurance from the chief executive officer (or equivalent) that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board	Comply
7.4	Provide the information indicated in the Guide to reporting on Principle 7	Comply
<b>Principle 8:</b>	<b>Remunerate fairly and responsibly</b>	
8.1	The Board should establish a remuneration committee	Comply
8.2	Clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives	Comply
8.3	Provide the information indicated in the Guide to reporting on Principle 8	Qualified compliance