



ACN 138 145 114

Corporate Governance Statement

The Board is committed to ensuring that Eon NRG Limited (“Eon” or the “Company”) is properly managed to protect and enhance shareholder interests, and that Eon, its directors, officers and employees operate in an appropriate environment of corporate governance.

Accordingly, the Board has adopted corporate governance policies and practices, the majority of which are in accordance with ASX’s Corporate Governance Principles and Recommendations (3rd Edition) (ASX Recommendations) designed to promote the responsible management and conduct of Eon. Where the Company’s practices do not correlate with the ASX Recommendations, Eon is working towards compliance but does not consider that all practices are appropriate for the size, scale and ownership structure of Eon’s operations. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entity together are referred to as the Group in this statement.

A description of the Group’s main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

Details of Eon’s key policies and charters for the Board and each of its committees are available upon request to the Company secretary.

Principle 1 – Lay solid foundations for management and oversight

1. Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions

The Board is ultimately responsible for setting policies regarding the strategic direction and goals for the business and affairs of Eon.

In discharging their duties, directors are provided direct access to and may rely upon senior management and outside advisers. The Board collectively, the Board committees and individual directors may seek independent professional advice at Eon’s expense, subject to prior consultation with the chairman, for the purposes of the proper performance of their duties.

Role of the Board

The responsibilities of the Board as outlined in the Board charter include:

- overseeing the business and affairs of Eon;
- undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director;
- appointing the managing director and other senior executives and determining their terms and conditions, including remuneration and termination;
- driving the strategic direction of Eon, ensuring appropriate resources are available to meet objectives and monitoring management’s performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;

- overseeing and reviewing the Company's occupational health and safety systems;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- approving the annual, half-yearly and quarterly accounts;
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in Eon;
- 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 and when their appointment or reappointment is required to be approved; and
- meeting with the external auditor, at their request, without management being present.

Role of Company secretary

The Board will appoint a suitable Company secretary who will report directly to the Board through the chairman on all matters concerning the proper functioning of the Board.

Role of senior executives

The Board delegates day-to-day management of Eon's resources to management, under the leadership of the Chief Executive Officer (CEO) or, in the event there is no appointed CEO, the Chief Financial Officer (CFO), to deliver the strategic direction and goals determined by the Board.

2. Companies should undertake appropriate checks before appointing a person, or putting forward a person for election, as a director, and provide material information relevant to an election of that person

The Board is responsible for these matters.

When there is an appointment or election of a director, material information about the proposed director is disclosed in the Company's announcements.

3. There should be written agreements with each director and senior executive setting out the terms of their appointment (Partially Compliant)

It is the practice of the Company to enter into written agreements with all of its senior executives and any executive directors, and for its subsidiary in USA to enter into written agreements with any of its directors who are not directors of the Company. It has not been considered necessary to have written agreements with non-executive directors of the Company as their role is sufficiently covered by the Company's constitution and its written policies and procedures, particularly the Board Charter, Corporate Code of Conduct, Securities Trading Policy and Definition of Independence. Directors of the Company are expected to have a sound understanding of their responsibilities, obligations and duties as a director of a public listed company.

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

The Company Secretary is responsible for ensuring Board procedures are complied with and that governance matters are addressed. All Directors have direct access to the Company Secretary who is accountable directly to the Board on all matters to do with the proper functioning of the Board.

5. There should be a diversity policy. (Non-Compliant)

Eon recognises that developing a diverse workforce is important to build its capability and maintaining a high level of performance, and values the distinctive skills, experiences and perspectives each individual brings to the workplace. The Company is committed to ensuring all employees are treated with respect and given equal opportunities for employment and development.

Due to the size of the Company, it has a relatively small work-force with many roles requiring specific skills that may not be widely available and so the Company has not deemed it appropriate to set specific numeric targets in relation to diversity as these could be inappropriately skewed by the small sample size.

6. Companies should disclose the process for evaluating the performance of the board

Review of Board members' performance is undertaken internally through a self-evaluation process. The Board Charter provides for a review each year of the performance of the Board as a whole, the committees of the Board and individual directors. There have been open communications between directors about issues of performance and discussions with major shareholders about the structure of the Board.

7. Companies should disclose the process for evaluating the performance of senior executives

Eon has a process for evaluating the performance of senior executives. The Board is responsible for arranging annual performance evaluation of the Company's senior executives, including the CEO. The evaluation is based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved and the development of management and personnel.

Principle 2 – Structure the Board to add value

The Board of Eon comprises individuals with a range of knowledge, skills and experience which are appropriate to its objectives. The composition of the Board is reviewed periodically to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.

1. The Board should have a Nomination Committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director (Partially-compliant)

The roles and responsibilities of the Nomination (and Remuneration) Committee are incorporated into the general Board roles of two of the Company's independent directors. The committee is chaired by an independent director, Mr McGann.

The Board considers that in the current phase of the Company's growth, it is not appropriate to allocate more resources to include a third member of the Nomination committee. Both members of the Nomination (Remuneration) committee have extensive commercial background and are able to meet the requirements required.

2. A listed entity should have and disclose a board skills matrix

The directors have a broad mix of skills, experience and knowledge to enable them to effectively and efficiently discharge their responsibilities and duties. Details of the members of the Board, their experience, expertise, qualifications and independent status are set out in the directors' report in the Annual Reports and on the Company's website.

3. A listed entity should disclose director details

Director details are disclosed in the annual report and at the Company's web site (www.eonnrg.com).

4. A majority of the Board should be independent directors (Non-compliant)

The Board has adopted specific principles in relation to directors' independence, principles that are in line with those suggested in the ASX recommendations. The Board considers an independent director to be a non-executive director who is not a member of Eon's management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis, having regard to both quantitative and qualitative principles.

The current members of the Board are:

Name	Role	Independent	Date of appointed
Matthew McCann	Non-Executive Director	Yes	April 2014
Gerard McGann	Non-Executive Director	Yes	July 2009 (Non-Exec since July 2014)
John Whisler	Managing Director	No	July 2014
Simon Adams	Director, CFO, Company Secretary	No	June 2019

The Board considers that in the current phase of the Company's growth, it is not appropriate to allocate more resources to include a third independent member of the Board.

5. The Chair should be an independent director

The position of Chairman is occupied by Mr McCann who is considered independent. Mr McCann took over the role of Chairman from Mr Stowell in May 2019 following his retirement from the Board.

The roles of Chair and Chief Executive Officer should not be exercised by the same individual.

The Chairman of the Company does not act as the CEO. The current CEO is Mr Whisler.

6. A listed entity should have a program for inducting new directors and providing appropriate professional development

New directors of the Company undergo an induction process in which they are given a briefing on the Company. Where possible this includes meetings with key executives, tours of the Company's projects and exploration sites, an induction package and presentations.

In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continual professional development.

Principle 3 – Promote ethical and responsible decision-making

1. Companies should establish a code of conduct

The Board acknowledges the need for high standards of corporate governance practice and ethical conduct by all directors. The Board's code of conduct sets out for all directors, management and employees the standards of behaviour expected of them, including, conflicts of interest, public and media comment, use of Eon resources, security of information, intellectual property/copyright, discrimination and harassment, corrupt conduct, occupational health and safety and insider trading.

In addition to their obligations under the *Corporations Act 2001* in relation to inside information, all directors, employees and consultants have a duty of confidentiality to Eon in relation to confidential information they possess.

The Company has a trading policy which outlines the restrictions, closed periods and processes required when directors and employees trade Company securities. Broadly the policy states that directors and employees are prohibited from dealing in the Company's securities during closed periods. These periods are one week prior to release of the Company's quarterly, half-yearly or annual results or the release of a disclosure document offering securities in the Company. However, should price sensitive information, which is not available to the market, be in possession of a director or employee, they must not deal in the Company's securities.

Principle 4 – Safeguard integrity in financial reporting

- 1. The Board should establish an audit committee which is made up of at least three members, all of whom are non-executive directors and a majority of whom are independent, and which is chaired by an independent director (Partially Compliant)**

The Audit and Risk committee is made up of two directors. It is chaired by a non-executive independent director, Mr McCann.

The Board considers that in the current phase of the Company's growth, it is not appropriate to allocate more resources to include a third member of the audit committee which would require the addition of a new director to the Board. Both members of the audit and risk committee have a commercial background with the relevant qualifications to make valid judgements of the financial performance of the Company.

Details of meetings held in the year are disclosed in the Directors Report section of the Annual Report.

The audit committee should have a formal charter

The audit committee has a charter defining the role and responsibility of the committee. The role of the audit committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance.

- 2. The Board should received assurance from the Chief Executive Officer (CEO or equivalent) and the Chief Financial Officer (CFO 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 control and that the system is operating effectively in all material respects in relation to financial reporting risks**

Each year, the Board requires a declaration and assurance in these terms from the CEO (or equivalent) and the CFO (or equivalent) before it approves the annual financial statements included in the Company's Annual Report.

- 3. 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**

The external auditor attends the annual general meeting to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5 – Make timely and balanced disclosure

- 1. Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies**

Eon is committed to continuous disclosure of material information as a means of promoting transparency and investor confidence.

The Company secretary has been nominated as the persons responsible for communications with the Australian Securities Exchange (ASX). This role includes the responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to ASX.

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities.

Principle 6 – Respect the rights of shareholders

1. Companies should provide information about itself and its governance to investors via its website

The Company has a professionally designed website (www.eonnerg.com) on which sets out or provides links to public information about the Company. The website is updated regularly with copies of the Company's ASX announcements, periodic reports, annual financial reports and presentations at conferences.

2. A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors

The Board aims to ensure that shareholders are informed of all major developments affecting the Company. Shareholders are updated on the Company's operations via ASX announcements, "Quarterly Activities Reports", "Quarterly Cash Flow Reports" and other disclosure information. All ASX announcements are available on the Company's website or alternatively, by request via email, facsimile or post. The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

3. Companies should disclose their policy or a summary of that policy

The Company considers general meetings to be an effective means to communicate with shareholders and encourage shareholders to attend the meeting. Information is included within the notice of meeting sent to shareholders.

4. Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically

The Company maintains a database of shareholders through its share registry manager, Link Market Services. Email updates of significant developments in the Company's affairs are received by shareholders who provide their email contact details.

Principle 7 – Recognise and manage risk

1. The Board should establish a committee that oversees risk which is made up of at least three members, a majority of whom are independent, and which is chaired by an independent director (Partially Compliant)

The Audit and Risk Committee is responsible for ensuring that sound risk management strategy and policies are in place. This committee is made up of two directors. It is chaired by a non-executive independent director, Mr McCann.

The Board considers that in the current phase of the Company's growth, it is not appropriate to allocate more resources to include a third member of the audit committee. Both members of the audit and risk committee have a strong commercial background with the relevant qualifications to make valid judgements of the risks that are relevant to the performance of the Company.

Details of meetings held in the year are disclosed in the Directors Report section of the Annual Report.

2. The Board should review the entity's risk management framework at least annually

The Board regularly reviews the Company's risk management framework. Day-to-day risk management authority is delegated to the managing director.

3. An entity shall disclose if it has an internal audit function

Due to the size of the Company, it does not have the resources to have a dedicated internal audit function, but this role is carried out through Board review on a regular basis. Legal, compliance and financial risks are considered and reviewed periodically by the Board. Occupational health and safety issues are a key responsibility of management which reports on them to the Board on a regular basis.

4. Companies should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it intends to manage those risks

The Company identifies and manages material exposures to economic, environmental and social sustainability risks in a manner consistent with its Risk Management Policy. Sustainability risk of the business is monitored regularly with various key performance indicators used to make this assessment.

The reporting on economic, environmental and social sustainability is addressed informally through management reporting. The Board believes that the disclosure of these risks through management's regular reporting is sufficient to monitor and manage risk.

Principle 8 – Remunerate fairly and responsibly

1. The Board should establish a remuneration committee that has at least three members, a majority of whom are independent directors and is chaired by an independent director (Partially Compliant)

The Remuneration (and Nomination) committee is made up of two directors. It is chaired by a non-independent director, Mr McGann.

The Board considers that in the current phase of the Company's growth, it is not appropriate to allocate more resources to include a third member of the remuneration committee. The Board believes that given the Company's size and stage of development and the size of the Board the composition of the Remuneration Committee is appropriate and adequate.

The number of committee meetings held in the year is disclosed in the Directors Report.

2. Companies should clearly distinguish the structure of Non-executive directors' remuneration from that of executive directors and senior executives

Each member of the senior executive team has signed a formal contract of employment or engagement at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. Each contract sets out the remuneration of the executive, including his or her entitlements to any securities under the Eon Limited Employee Share Plan.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading "Remuneration report".

3. Companies which have an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it

The Company does have an equity-based remuneration scheme. Participants in the Plan are subject to the Company's security trading policy.