



**CORPORATE GOVERNANCE STATEMENT
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015**

This Corporate Governance Statement is current as at 30 June 2015 and has been approved by the Board of the Company from 30 June 2015.

This Corporate Governance Statement discloses the extent to which the Company has followed the recommendations set by the ASX Corporate Governance Council in its publication The ASX Governance Council Principles and Recommendations (3rd edition) ("Recommendations"). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Board committed to achieving and demonstrating the highest standards of corporate governance. As such, Killara Resources Limited and its controlled entities (the "Group") have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders. This framework provides the written terms of reference for the Company's corporate governance duties, which are available on the Company's website at www.killararesources.com

The Board of the Company has not yet formed an audit committee, remuneration and nomination committee, risk management committee or diversity committee.

Corporate Governance Council recommendation	Compliance	Additional information
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>Yes</p> <p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, Board processes, Key board functions and continuing improvement.</p> <p>Day to day management of the Group’s affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives as set out in the Group’s Delegations of Authority.</p> <p>A copy of the Company’s Board Charter, which is part of the Company’s Corporate Governance Framework, is available on the Company’s website.</p> <p>A summary of matters expressly reserved to the Board are:</p> <ul style="list-style-type: none"> • Composition, powers and performance reviews of board and subsidiaries • Budgets and strategic plans • Lending to subsidiaries • Related party transactions • Formation, acquisition, restructure, winding up or sale of business entities or subsidiaries • Investment decisions • Lease, borrowings or commitments greater than \$50,000 • Remuneration and performance reviews of Executives and Managing Director • Approval of employee share plans and issue of securities • Policies and procedures regarding share trading by employees and officers • Litigation initiation or response • Terms of engagement of auditors • Material changes to corporate governance framework, risk management framework and Matters reserved to Board and Delegations of Authority • Entering into guarantees <p>Matters delegated to management</p> <ul style="list-style-type: none"> • Contracts and agreements not requiring Board approval • Communicatoins with the media • Communication with regulators • Internal policies and procedures not requiring Board approval • Employment agreements and remuneration arrangements for staff other than members of the Executive.

Corporate Governance Council recommendation		Compliance	Additional information
1.2	<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 in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Yes	<p>The Company has adopted a Director Selection Procedure to ensure that there are defined procedures for the selection and appointment of new directors to the Board. This Procedure is available on the Company's website.</p> <p>Information about a candidate standing for election or re-election as a director is provided to security holders via ASX releases and/or the explanatory section of a Notice of Meeting. This will enable security holders to make an informed decision on whether to elect or re-elect a candidate.</p> <p>Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company. The commitments of non-executive directors reviewed each year as part of the annual performance assessment.</p>
1.3	<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>All directors and senior directors enter into written agreements with the Company setting out the terms of their appointment. For non-executive directors this generally will take the form of a letter of appointment and a service contract for an executive director or other senior executive.</p>
1.4	<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 company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. Details of this role are included in the Board Charter.</p>

Corporate Governance Council recommendation	Compliance	Additional information
<p>1.5 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 the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>Yes</p> <p>Yes</p> <p>No</p> <p>Yes</p> <p>n/a</p>	<p>The company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the company has developed a Diversity Policy, a copy of which can be found on the company website</p> <p>Due to the size of the Company, the Board has not introduced any measurable objectives for achieving gender diversity, which is the responsibility of the Remuneration and Nomination Committee (or in its absence, the Board as a whole)</p> <p>As at the date of this report, the Company has the following proportion of women appointed:</p> <ul style="list-style-type: none"> • to the Board – 0% • to senior executive roles* – 33% • to the organisation as a whole – 50% <p><i>* Senior executives are defined as members of the executive management team</i></p> <p>The Company's objective is to promote a culture which embraces diversity through on-going education, succession planning, director and employee selection, and recognising that skills are not gender specific.</p>

Corporate Governance Council recommendation		Compliance	Additional information
1.6	<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>Yes</p>	<p>The board undertakes an annual self-assessment of its collective performance, the performance of the committees and the performance of individual directors and key executives. The assessment also considers the adequacy of induction and continuing education, access to information and the support provided by the company secretary.</p> <p>The results and any action plans are documented together with specific performance goals which are agreed for the coming year. Descriptions of the process for performance assessment for the board and key executives are available on the company website.</p> <p>The Chair undertakes an annual assessment of the performance of individual directors and meets privately with each director to discuss this assessment.</p> <p>The evaluation process was not undertaken in the financial year ended 30 June 2015.</p>
1.7	<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>No</p> <p>Yes</p>	<p>The board does not currently have a formal process for periodically evaluating the performance of its senior executives, but is aiming to develop and implement a formal process within the next 12 months.</p> <p>Individual performance reviews were undertaken by the non-executive director one-on-one with senior executives during the financial year ended 30 June 2015.</p>

Corporate Governance Council recommendation	Compliance	Additional information
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	No	<p>As part of the annual board and committee evaluation process, the board has reviewed the necessity of establishing a nomination committee and decided that the board as a whole is able to deal efficiently and effectively with board composition and succession issues without establishing a separate nomination committee.</p> <p>The full Board did not convene as a nomination committee during the financial year, however, nomination committee related discussions occurred from time to time during the year as required in accordance with the Remuneration and Nomination Committee charter which is available on the company website.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	No	<p>As part of the nomination committee duties, the Board will be developing a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. The Board currently assesses the skills required but has not yet formalised this into a matrix. It is anticipated that this will be attended to at the next Board strategy day.</p>

Corporate Governance Council recommendation		Compliance	Additional information
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 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>(c) the length of service of each director.</p>	Yes	<p>There are currently no independent directors on the Board. Details of each director's independence status is as follows:</p> <ul style="list-style-type: none"> Mr. Matthew Driscoll is the Chairman in an Executive capacity, and holds greater than 5% of the issued capital of the company, and as such does not meet Killara's criteria for independence; Mr. Robert Kipp is a Non-Executive Director, and holds greater than 5% of the issued capital of the company, and as such does not meet Killara's criteria for independence; and Pak Reza Zulkarnaen and Pak Wim Zulkarnaen are Executive Directors and are officers of a common shareholder that holds greater than 10% of the issued capital of the Company, and as such do not meet Killara's criteria for independence. <p>Although the composition of the Board does not satisfy the tests of independence as detailed in the Recommendations, the Company believes that the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of the Company.</p> <p>The length of service of each director is as follows:</p> <ul style="list-style-type: none"> Matthew Driscoll – 4.5 years Robert Kipp – 4.5 years Reza Zulkarnaen - 2.5 years Wim Zulkarnaen – 2 years
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	No	<p>Although the composition of the Board does not satisfy the tests of independence as detailed in the Recommendations, the Company believes that the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of the Company.</p> <p>The Board will seek to appoint additional non-executive directors in the future.</p>

Corporate Governance Council recommendation		Compliance	Additional information
2.5	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.	No	<p>The Chair, of the Company does not meet the ASX Principles' criteria for independence. However, his experience and knowledge of the Company make his contribution to the Board such that it is appropriate for him to remain as Chair of the Board.</p> <p>The division of responsibilities between the Chair and the chief executive office / Managing Director is contained within the Board Charter. Killara does not currently have a CEO / Managing Director, and the Chair has not undertaken these roles within Killara in the past.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	<p>The Board Charter includes details of the director induction process,. It is the responsibility of the nomination committee (currently undertaken by the Board as a whole) for ensuring that there is an appropriate induction and orientation program in place, and for developing an appropriate training and development program for Directors.</p> <p>In accordance with the Board Charter, all directors are encouraged to undergo continual professional development, and the Board provides professional development opportunities to address skill gaps where they are identified.</p> <p>The company also provides resources to help develop and maintain its directors' skills and knowledge.</p>
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	<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>The Director's Code of Conduct includes a (which forms part of the Company's Corporate Governance Framework) is available on the Company's website.</p> <p>There is currently no separate code of conduct for other employees of the Company, but this will be developed or incorporated into the existing Code of Conduct in due course.</p>

Corporate Governance Council recommendation	Compliance	Additional information
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) 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>(b) 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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>No</p>	<p>As part of the annual board and committee evaluation process, the board has reviewed the necessity of establishing an audit committee and decided that the board as a whole is able to oversee the corporate reporting process efficiently without establishing a separate audit committee. In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of Killara and the independence of the external auditor.</p> <p>An Audit Committee Charter is available on the Company's website.</p> <p>The main responsibilities of the committee that are undertaken by the Board are to:</p> <ul style="list-style-type: none"> • review, assess and approve the annual report, the half-year financial report and all other financial information published by the company or released to the market; • consider the independence and competence of the external auditor on an ongoing basis; • oversee management's appointment of the Company's public accountant; • review and monitor related party transactions and assess their propriety; • recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance; • review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence; • assist the board in reviewing the effectiveness of the organisation's internal control environment covering: <ul style="list-style-type: none"> - effectiveness and efficiency of operations; - reliability of financial reporting; and - compliance with applicable laws and regulations; • oversee the effective operation of the risk management framework; and • report to the board on matters relevant to the committee's role and responsibilities.

Corporate Governance Council recommendation		Compliance	Additional information
4.2	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, in their opinion, 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.	Yes	The Company has obtained a sing-off on these terms for each of its financial statements in the past financial year, signed by the Chairman (in the absence of a CEO or Managing Director) and the CFO.
4.3	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.	Yes	The external auditor will attend the annual general meeting and be available 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			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	A copy of the Continuous Disclosure policy is available on the company's website.
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance can be found on the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	An investor relations program has been developed to facilitate effective two-way communication with investors. This program includes a number of actions including the review and development of policies and procedures, engagement of other stakeholders and establishing criteria to measure the performance of the program. The aim of the program is to provide an opportunity for investors and other financial market participants to express their views to the entity on matters of concern or interest to them.

Corporate Governance Council recommendation		Compliance	Additional information
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	<p>In accordance with the Shareholder Communications Policy, shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch 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> <p>Security holders who are unable to attend the meetings are able to provide questions or comments ahead of the meeting, and where appropriate, these questions are answered at the meeting.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	<p>Our security registry has an on-line portal for security holders to utilise, and Killara will be using the communications preferences identified to enable electronic communications with security holders. Our website also contains an area where interested security holders can register to receive electronic communications directly from the entity from time to time.</p>

Corporate Governance Council recommendation	Compliance	Additional information
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	No	<p>The Board's Charter clearly establishes that it is responsible for ensuring that there is a sound system of overseeing and managing risk. Due to the size and scale of operations of the Company, there is no separate Risk Management Committee. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.</p> <p>The primary objectives of the risk management system at the Company are to ensure:</p> <ul style="list-style-type: none"> • all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately; • business decisions throughout the Company appropriately balance the risk and reward trade off; • regulatory compliance and integrity in reporting is achieved; and • senior management, the Board and investors understand the risk profile of the Company. <p>Arrangements put in place by the Board to monitor risk management include:</p> <ul style="list-style-type: none"> • monthly reporting to the Board in respect of operations and the financial position of the Company; • quarterly rolling forecasts prepared; and • circulate minutes of and relevant Committees to the Board and the Chair of each respective committee and provide a report to the Board on an annual basis.
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	No	<p>The Audit Committee Charter requires that the Audit 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>During the reporting period, the Board did not complete a review of the Company's risk management framework, and it aims to review this as part of the complete of all Corporate Governance and other company policies in the next financial period.</p>

Corporate Governance Council recommendation		Compliance	Additional information
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Yes	<p>The Audit Committee Charter requires that the Audit 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>The Company does not have an internal audit function. The Board monitors the need for an internal audit function and identifies any special projects or investigations necessary to assess and ensure the effectiveness of its risk management and internal control processes.</p>
7.4	<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's Corporate Governance framework requires the Company to 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 discloses this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.</p>

Corporate Governance Council recommendation	Compliance	Additional information
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Yes	<p>As part of the annual board and committee evaluation process, the board has reviewed the necessity of establishing a remuneration committee and decided that the board as a whole is able to deal efficiently and effectively with setting the level and composition of remuneration for directors and senior executives and ensuring that remuneration is appropriate and not excessive without establishing a separate remuneration committee.</p> <p>The full Board did not convene as a remuneration committee during the financial year, however, remuneration committee related discussions occurred from time to time during the year as required in accordance with the Remuneration and Nomination Committee Charter which is available on the company website.</p> <p>The Directors of the Board did not receive any remuneration for the year ended 30 June 2015.</p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>The Directors of the Board did not receive any remuneration for the year ended 30 June 2015.</p> <p>Generally, non-Executive Directors are paid a fixed annual fee in addition to their statutory superannuation entitlements, and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties.</p> <p>All Executive Directors and senior executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their respective employment agreements with the Company or its subsidiaries. The remuneration of Executive Directors and senior executives is set in accordance with the Remuneration Statement found on our website.</p> <p>Details of the remuneration of the Directors and other executives are set out in the Remuneration Report (which forms part of the Directors' Report contained in the Company's 2015 Annual Report).</p>

Corporate Governance Council recommendation		Compliance	Additional information
8.3	<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 derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Killara Share Ownership Plan 2012 prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Plan.</p> <p>A copy of the Killara Share Ownership Plan can be found on the Company's website.</p>