



CORPORATE GOVERNANCE STATEMENT

30 JUNE 2016

The Board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
	Recommendation	Celsius Coal Ltd Current Practice
1.1	A listed entity should disclose: (a) respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	Adopted The Directors have adopted a Board Charter which outlines the role of the Board. This is contained within their Corporate Governance Plan document, a copy of which is available on the Company's website – www.celsiuscoal.com Executive Service Agreements outline functions of the executive directors. Non-executive Director appointment letters outline the terms and conditions of non-executive director appointments. As the Company recruits additional management, the roles and responsibilities of these persons will be considered and documented.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (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	Adopted Material information in relation to a director up for re-election is provided in the Notice of Meeting for each AGM including background, other material directorships, term and the Board's consideration of them as independent or non independent director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Adopted All directors have a written agreement with the Company setting out the terms of their appointments.
1.4	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.	Adopted The responsibilities of the Company Secretary are contained within the Board Charter.
1.5	A listed entity should:	Partially Adopted

	<p>(a) Have a diversity Policy which includes requirements for Board/Committee to set measurable objectives for achieving gender diversity and assess them and achieving them annually</p> <p>(b) disclose that policy</p> <p>(c) disclose at end of reporting period how objectives are being achieved via:</p> <p>(i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or</p> <p>(ii) if entity is a “relevant employer” under the Workplace Gender Equality Act, the entities most recent “Gender Equality</p>	<p>The Company has adopted a Diversity Policy within its Corporate Governance Plan document. Although it contains objectives, they are general in nature and not considered measurable. There are no immediate plans to further develop these objectives to include measurable objectives.</p> <p>The Company makes the following disclosures regarding the proportion of women employed in the organisation:</p> <ul style="list-style-type: none"> - Women on Board: 0% - Women in Senior Management: 0% - Women in whole organisation: 0%
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>Adopted</p> <p>The Company has a performance evaluation policy, as detailed in Schedule 6 of its Corporate Governance Plan document providing for an annual review on the board, directors and management. An evaluation has not taken place within the financial period.</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>Adopted.</p> <p>As detailed above, the Company has a performance evaluation policy which include the performance of executives. An evaluation did not take place this financial period as currently there are no executives within the company, with all three directors in non-executive roles.</p>
PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE		
	Recommendation	Celsius Coal Limited Current Practice
2.1	<p>The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by a independent director;</p> <p>and disclose:</p> <p>(i) the charter of the committee;</p> <p>(ii) the members of the committee; and</p> <p>(iii) as at the end of each reporting period, the number of times the committee met through 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 issue 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>	<p>Not Adopted</p> <p>The Company does not have a separate nomination committee and the full board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The Company has adopted a Nomination Committee Charter setting out the board process to raise the issues that would otherwise be considered by the Nomination Committee. The Board consider that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee.</p> <p>The Nomination Committee Charter is detailed in Schedule 5 of the Corporate Governance Plan document available on the Company’s website www.celsiuscoal.com</p>
2.2	<p>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>	<p>Not Adopted</p> <p>The Company currently has a mixture of skills on the Board, including technical, financial, business, management and leadership. There is a statement on Board Composition contained on the Corporate Governance page on the Company’s website. www.celsiuscoal.com There is no immediate plans to develop and disclose a Board Skills Matrix.</p>

2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors (b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and (c) the length of service of each director.	Adopted. (a) Ranko Matic – Independent William Oliver – Independent Alistair Muir – Independent (b) n/a (c) Ranko Matic - appointment 5 November 2012 – 3 years 11 months William Oliver – appointment - 23 December 2010 - 6 years, 9 month Alistair Muir – 6 May 2013 – 3 years and 5 months
2.4	A majority of the Board of a listed entity should be independent directors.	Adopted. Currently all are considered independent directors as per box 2.3 of the ASX Corporate Governance Principles and Recommendations.
2.5	The Chair of a 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.	Adopted. William Oliver is the current Chairman of the Company and as there is currently no appointed CEO in the Company, this recommendation is satisfied.
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.	Adopted. The induction of new directors is currently completed by the Company Secretary. All Directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

	Recommendation	Celsius Coal Limited Current Practice
3.1	A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) (b) disclose that code of conduct or a summary of it.	Adopted. Copy of Code of Conduct is contained within the Company's Corporate Governance Plan which is published on the Company's website and available at www.celsiuscoal.com

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

	Recommendation	Celsius Coal Limited Current Practice
4.1	The board of a listed entity should: (a) have an audit committee which: (i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board; And disclose: (iii) the charter of the committee (iv) the relevant qualifications and experience of the member of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or	Not Adopted The role of the audit committee is currently undertaken by the full board. The Company has adopted an Audit and Risk Committee Charter which is published in the Company's Corporate Governance Plan and available on the Company's website www.celsiuscoal.com . The Board follows the Audit and Risk Committee Charter which provides for integrity of corporate reporting and the removal of the external auditor and the rotation of the audit engagement partner.

	(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.	
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.	Adopted
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	Adopted
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
	Recommendation	Celsius Coal Limited Current Practice
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	Adopted. The Company has a Continuous Disclosure Policy which is published in the Company's Corporate Governance Plan document which is available on the Company's website. Refer www.celsiuscoal.com
PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS		
	Recommendation	Celsius Coal Limited Current Practice
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Adopted Refer to the Company's Corporate Governance page on its website – www.celsiuscoal.com
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Adopted The Company has a Shareholder Communication strategy which is contained in the Company's Corporate Governance Plan document, which is published on its website – www.celsiuscoal.com
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.	Adopted The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the Company's auditors.
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.	Adopted
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
	Recommendation	Celsius Coal Limited Current Practice
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which:	Not Adopted The Company does not currently have a Risk Committee. The role of the risk committee is undertaken by the whole

	<p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, And disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a 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>	<p>board. The Board follows the Audit and Risk Committee Charter and the Risk Management plan as contained within the Corporate Governance Plan document as published on the company's website www.celsiuscoal.com</p> <p>Within the "disclosure –Risk Management" section of the Corporate Governance Plan, the Company undertakes regular risk management reviews.</p>
7.2	<p>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>	<p>Adopted.</p> <p>The Board reviews risk on a regular basis with following policies and procedures forming part of the Company's Risk Management Framework:</p> <ul style="list-style-type: none"> • Audit and Risk Committee Charter • Disclosure – Risk Management, as in Schedule 8 in the Corporate Governance document. <p>A review has not taken place in the reporting period.</p>
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>	<p>Not Adopted</p> <p>The Company does not have a structured formalised internal audit function, however historically the Board has reviewed the internal control systems and risk management policies on an annual basis.</p> <p>Internal controls are reviewed on an annual basis.</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>	<p>Not Adopted.</p> <p>The Company does not have a sustainability policy. However the Company does have the following policies:</p> <ul style="list-style-type: none"> - Occupational Health and Safety Policy - Community Engagement Policy - Environmental Policy <p>As available on the Company's website, which does address some of these sustainability issues.</p>
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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
	Recommendation	Celsius Coal Limited Current Practice
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p>	<p>Not Adopted.</p> <p>The Company does not have a Remuneration Committee.</p> <p>The role of the remuneration committee is currently undertaken by the full board. The Company has adopted a Remuneration Committee Charter which is contained within the Company's Corporate Governance Plan document and published on the Company's website www.celsiuscoal.com. The Board follows the Remuneration Committee Charter which provides for dealing with board remuneration issues.</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.	
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.	Adopted. This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter.
8.3	A listed entity which has an equity-based remuneration scheme should: (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 (b) disclose that policy or a summary of it.	Not Applicable

Dated: 30 June 2016

Approved by the Board: 30 September 2016