

Corporate Governance Statement

The Board of Directors of Convergent Minerals Limited ("Convergent Minerals" or "Company") is responsible for the corporate governance of the Company. The Company's corporate governance practices for the full year ended 30 June 2015 are set out below. These practices are generally in line with the ASX Corporate Governance Council's Principals and Recommendations (3rd edition, dated 2014) (**Recommendations**), with exceptions noted in italics and are cross-referenced in the Appendix 4G lodged with the 2015 Annual Report.

1. THE BOARD

The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board Charter is available on the website.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three directors, a majority of whom should be non-executive directors;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors have all necessary information to participate in an informed discussion of all agenda items.

The membership of the Board, its activities, performance and composition is subject to periodic review.

An induction process applies to new directors and professional development opportunities are made available to all directors. The Company has in place written letters of appointment with its directors. All material information relating to a director is provided by the Company in support of a resolution for the election or re-election of a director. The Company Secretary is accountable to the Board through the Chairman.

The Board considers that its current structure is appropriate given its size and that the current directors provide the necessary diversity of technical, commercial and financial skills and experience which is appropriate for the Company's current projects and business.

The criteria for determining the identification and appointment of a suitable candidate for the Board shall include qualifications, experience and achievement, credibility within the Company's scope of activities, intellectual ability to contribute to the Board's duties and ability to undertake Board duties and responsibilities. All of the directors are considered to be independent. Robert Reynolds is a substantial shareholder of the Company, holding approximately 5.2% of the Company's shares; however the Board does not consider that this affects his independence, bearing in mind the relatively small size of his holding.

The Company does not comply with Recommendation 1.5, as the Company has not established a policy concerning gender diversity nor disclosed a policy or summary of that policy. The Company has not disclosed in its annual report the measurable objectives for achieving gender diversity. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a diversity policy.

The Company does not comply with Recommendation 2.1, as there is no separate nomination committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a nomination committee. The whole Board conducts the functions of the nomination committee, and is guided by the charter posted on the website.

2. REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and

- Performance incentives which allow executives to share the rewards of the success of Convergent Minerals.

For details on the amount of remuneration and all monetary and non-monetary components for all directors, refer to the Directors' Report.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of CVG and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to directors.

The Company does not comply with Recommendation 8.1, as there is currently no separate remuneration committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a remuneration committee. The whole Board conducts the functions of the remuneration committee and is guided by the charter posted on the website.

3. AUDIT COMMITTEE

The Audit Committee's primary function is to assist the Board in fulfilling its responsibilities by reviewing the:

- Quality and integrity of financial reporting.
- Systems of internal control which management and the Board have established in order to safeguard the Group's financial and physical assets and facilitate compliance with relevant statutory and regulatory requirements.
- Processes for business risk identification, quantification and mitigation.
- Effectiveness and independence of the external audit process.
- Quality and relevance of financial and non-financial information provided to management and the Board on which decisions will be based.

The Audit Committee comprises Roger Howe (Chairman), Robert Reynolds, John Haggman and Hamlet Hacobian. Each member has the relevant financial and industry experience required to perform Audit Committee functions. Details of their qualifications and experience are set out in the Directors' Report. The Audit Committee acts as the Board's committee to oversee risk. The Audit Committee Charter is available on the website.

The Board has received assurance from the CEO and CFO that the declaration for the financial report, 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.

4. BOARD RESPONSIBILITIES

The Board is responsible for:

- (a) driving the success of Convergent Minerals in a way that ensures that the interests of shareholders and key stakeholders are properly recognised and protected;
- (b) setting the strategic direction of Convergent Minerals and monitoring the performance of the Chief Executive Officer ("CEO") and those senior executives who report to the CEO;
- (c) ensuring that there are adequate resources available to meet Convergent Minerals' (and the Convergent Minerals Group's) business plans and strategic objectives;
- (d) appointing and where appropriate removing the CEO and overseeing succession plans for the senior executives who report to the CEO;
- (e) ratifying the appointment and where appropriate, the removal of the Chief Financial Officer (CFO) or equivalent and the Company Secretary;
- (f) approving conditions of service and performance monitoring procedures to apply to all executive directors and those senior executives who report to the CEO;
- (g) approving policies of a company-wide nature;
- (h) approving and monitoring Convergent Minerals' financial reporting, major capital expenditure and capital management;

- (i) approving and monitoring the progress of Convergent Minerals' business plans and strategic objectives;
- (j) ensuring that adequate audit, risk management and compliance systems and procedures exist, and are being effectively utilised;
- (k) ensuring that Convergent Minerals has appropriate corporate governance structures in place, including an ethical code of conduct; and
- (l) ensuring that the Board has the appropriate blend of experience, skills and attributes to meet the changing needs of Convergent Minerals.

The Board has delegated responsibility for the day-to-day operations and administration of Convergent Minerals to the CEO.

5. MONITORING THE BOARD'S PERFORMANCE

The Board will, from time to time, evaluate its performance (including individual Board members) and the Board committees to determine whether they are functioning effectively by reference to their charters and current best practice. A performance review for directors and executives was conducted by the Board during the year in review.

6. RISK MANAGEMENT

To assist the risk management function of the Audit Committee, the Company has established a **Risk Management Policy**, which is available on the Company's website. The Risk Management Policy is reviewed annually and was reviewed in 2014. Management reports regularly to the Audit Committee and the Board on its management of material business risks.

The Company does not comply with Recommendation 7.3, as it does not have an internal audit function, however follows the procedures set out in the Risk Management Policy to continually improve risk management.

The Company has a material exposure to the market for securities in Australia and global precious metals markets, which is described more fully in the Risk Management Policy.

7. ADDITIONAL INFORMATION

- The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. The Company's **Continuous Disclosure Policy** is posted on the website. All information disclosed to ASX is immediately posted on the website and emailed to those parties who have supplied their email addresses. When analysts are briefed on aspects of the Company's operations, the material to be used in the presentation is released to ASX and posted on the website. The Auditor attends the AGM each year and is available to answer questions regarding the audit.
- The Company's **Shareholder Communications Policy** is posted on the website.
- The Company's **Securities Trading Policy** is available on the website. It binds directors, officers and employees of the Company and prohibits trading in the Company's securities by anyone in possession of price-sensitive information. They may only trade in the Company's securities after receiving written approval from the Chairman or the Board. Written approval will not be given for trading during closed periods, being the two weeks prior to, and 48 hours after, the release of the annual, half-year, and quarterly reports, unless there are exceptional circumstances.
- The Board has adopted a **Code of Conduct**, which is available on the website.
- Directors have the right, in connection with their duties and responsibilities as directors, to seek **independent professional advice** at the Company's expense. The Company will only meet that expense if they obtain the advice after obtaining the Chairman's prior written approval, which will not be unreasonably withheld.

Adopted by the Board as at 1 July 2014.

Robert Reynolds
Chairman