



CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Aerometrex Limited ('Aerometrex') aims to achieve appropriate standards of corporate governance and has established corporate governance policies and procedures, where practicable, consistent with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' (ASX Principles or Recommendation), which became effective on 1 July 2014. The Corporate Governance Council has published the 4th Edition which becomes effective for Aerometrex on 1 July 2020.

In ensuring appropriate standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which unless otherwise stated, were in place during the whole of the period to the date of this statement.

Details have been included in this statement setting out the ASX Best Practice Recommendations with which the Company has and has not complied in the reporting period. This Corporate Governance Statement has been approved by the Board on 08 November 2019.

Details of the Company's corporate governance practices are set out below.

Principle 1 **Lay solid foundations for management and oversight**

1.1 Roles and Responsibilities of the Board and Management - followed

The Board is governed by:

- the Corporations Act 2001,
- its formal constitution, and
- by the ASX Listing Rules.

The Board's primary role is to set policy regarding the affairs of the Company for the protection and enhancement of long-term shareholder value.

The primary responsibilities of the Board are set out in a Board Charter and written policy and include:

- Providing leadership to the Company;
- Overseeing the development and implementation of strategy;
- Ensuring corporate accountability to shareholders primarily through adopting an effective shareholder/stakeholder communications policy;
- Overseeing the control and accountability systems that ensure the company is progressing towards the goals set by the board and in line with the company's purpose, the agreed corporate strategy, legislative requirement and community expectations;
- Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively;
- Being responsible for the company's Managing Director and senior management and personnel including:
 - Directly managing the MD, including appointment, removal, annual reviews of performance, overseeing the development of the MD.
 - Ratifying the appointment, the terms and conditions of the appointment and, where appropriate, the removal of the company secretary and other senior managers.
 - Oversight of annual senior executive performance reviews.
 - Ensuring that an appropriate succession plan for the MD, CFO, company secretary and other senior managers.



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- Ensuring appropriate human resource systems (including WHS systems) are in place to ensure the well-being and effective contribution of all employees.
- Promoting diversity within all levels of the company.
- Delegating appropriate powers to the MD, management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- Making all decisions outside the scope of these delegated powers.

The Board evaluates this policy on an ongoing basis.

The primary responsibilities of the Management are:

- Operating the Company in accordance with the powers delegated by the Board to Management, as defined by the Company's financial delegation policy;
- Implementing the strategic objectives of the Company;
- Operating within the risk appetite set by the Board; and
- Providing the Board with accurate, timely and clear information.

1.2 a) Undertaking appropriate checks before appointment - followed

The Board is primarily responsible for identifying potential new Directors but has the option to use an external consulting firm to identify and approach possible new candidates for Directorship. The Directors may at any time appoint a person to be a Director, but the total number of Directors may not at any time exceed the maximum number specified in the Constitution of the Company (currently ten) and any Director so appointed holds office only until the next following Annual General Meeting when they are eligible for re-election. The Board undertakes appropriate background checks and requires existing and potential directors to provide evidence of their qualifications, police clearances and solvency checks.

1.2 b) Providing security holders with all material information for director election or re-election - followed

The Company provides security holders with all material information relevant to a decision on whether or not to elect or re-elect a director by disclosing details of a director's skills, experience and qualifications in the Annual General Meeting notice of meeting, dealing with director election or re-election. Further, the Company provides all material information in profiles of the Company's directors on the Company's website. Refer to <https://aerometrex.com.au/>

1.3 Written agreements of appointment for directors and senior executives - followed

The roles and responsibilities of Directors have been formalised in letters of appointment which each Director has entered in to. The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relation to committee work or any other special duties attaching to the position, reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, and insurance and indemnity entitlements.

The Company appoints senior executives via the execution of an Executive Employment Contract. The contract terms of senior executives, who are Key Management Personnel, will be summarised in the Remuneration Report of the Company's Annual Report.

1.4 Company Secretary – followed

The Company Secretary is accountable to the Board through the Chairman on all matters relating to the proper functioning of the Board. All directors have access to the Company Secretary.

The appointment or removal of the Company Secretary is a matter for the Board. Details of the Company Secretary's



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experience and qualifications are set out on the company's Annual Report.

1.5 Diversity policy – not followed

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a diversity policy which is provided to all staff with responsibility for recruitment.

This diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. The Board is required to develop measurable objectives for gender diversity, and to review them every two years. At the date of the current policy version the measurable objectives for achieving gender diversity are to increase the percentage of women employed as follows:

	Current actual 21/10/2019		Objectives	
	No.	%	No.	%
	2019		2020-2021	
Women on the Board	-	-	-	-
Women in senior executive positions	1	17	1	17
Women employees in the company	19	22	25	25

Given the size of the Company, the scale of its operations and workforce, the Board is of the view that measurable objectives for achieving gender diversity are not required or practical at this time. As vacancies become available within the organisation the Company undertakes recruitment processes to ensure an appropriately diverse candidate pool is available to select successful applicants based on appropriate skills, experience and qualifications. As the Company has not established measurable objectives for

achieving gender diversity, the Company has not reported on progress towards achieving them.

The Company's diversity policy is available to be viewed on the Company's website. Refer to <https://aerometrex.com.au/>

1.6 Board and Director performance evaluation – followed

The performance of all Directors is assessed through review by the Board as a whole. A Director's attendance at and involvement in Board meetings and committee meetings, the Director's contribution and other matters identified by the Board or other Directors are taken into consideration. The Directors undertake a written and verbal evaluation, with specified criteria, of the Board and meeting as a standing agenda item at the Company's Board meetings. Significant issues are actioned by the Chairman or as required, the full Board.

The Company has conducted a performance evaluation of the Board, its committees and members of the Board during the period, in accordance with the process described above.

1.7 Performance evaluation of senior executives - followed

The Board has delegated the operation and administration of the group to the Managing Director and the senior executive team. Their performance is assessed formally by the Board on an annual basis both subjectively and by measuring performance against Key Performance Indicators. Performance evaluations were completed in 2019 in accordance with the policy.



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Principle 2

Structure Board to add value

2.1 Nomination committee –followed

The Company has a Remuneration and Nomination Committee ('Committee') that undertakes the role of the nomination committee. The Remuneration and Nomination Committee has an informal charter and is in the process of formalising the charter. The role of the Committee is to assist the Board in ensuring that the Board comprises directors with a range and mix of attributes appropriate for achieving its objective. The Committee assists the Board by:

- reviewing the skills and expertise of directors and identifying potential deficiencies;
- identifying suitable candidates for the Board, with the assistance of independent recruiting agencies;
- overseeing Board and Director reviews; and
- establishing succession planning arrangements.

The Remuneration and Nomination Committee consists of all two Non-Executive Directors and one Executive Director, with Mr Mark Lindh as the Committee Chair who is an independent director.

2.2 Board skills matrix - followed

The following table outlines the experience and skills of the Board.

The Directors' qualifications can be found on the Company's website.

Experience Skills and Attributes	Board	Audit, Governance and Remuneration
Total non-executive directors	3	3
Experience		
Corporate Leadership – Successful experience in MD and/or other corporate leadership roles	4	3
Resource Industry Experience – Relevant industry (Engineering) experience	3	2
Other Board level experience – Membership of other listed entities (last 3 years)	1	1
Knowledge and skills		
Strategy	5	4
Governance	2	2
Capital Raising	2	2
Risk and Compliance	2	2
Mergers and Acquisitions	3	3
Tertiary qualifications	5	5
Economics, law, commerce and/or business	4	4
Public Accounting	1	1
Gender		
Female	-	-
Male	5	4

2.3 Independent Directors – not followed

The Board of Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both



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quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangement governing it and other factors that point to the actual ability of the director in question to shape the direction of the Company's loyalty.

The ASX Corporate Governance Council identifies factors relevant to assessing the independence of a director. These include:

- the length of service of each director;
- employment in an executive capacity by the entity;
- has a material business relationship or is a provider of material professional services to the entity;
- is a substantial shareholder of the entity;
- has a material contractual relationship with the entity; or
- a close family tie with any person within any of the categories described above.

In accordance with the definition of the independence above, and the materiality threshold set, refer to below for the assessment of independence of each Director of Aerometrex:

Name	Position	Appointment Date	Independence
Mr Mark Lindh	Non-Executive Director & Chairman	20/5/2019	Independent
Mr Matthew White	Non-Executive Director	7/9/2011	Not Independent
Mr David Byrne	Executive Director	7/9/2011	Not Independent
Dr Peter Foster	Non-Executive Director	15/10/2019	Independent
Mr Mark Deuter	Executive Director	21/10/2011	Not Independent

Mr Matthew White is not considered to be independent as he is a substantial shareholder of the Company with a 13.1% relevant interest in ordinary shares at quotation. Mr Mark Deuter is not considered to be independent as he is a substantial shareholder of the Company with a 12.1% relevant interest in ordinary shares at quotation. Mr David Byrne is not considered to be independent as he is a substantial shareholder of the Company with a 9.1% relevant interest in ordinary shares at quotation.

Independent professional advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

2.4 Composition of the Board – not followed

As per the assessment of Director independence above, the majority of the Board are not independent, Non-Executive Directors.

2.5 The Chairman - followed

The Board requires that the Chairman be an independent director and that the role of Chairman of the Board is separate from that of the Managing Director who is responsible for the day to day management of the Company. The role of the Chairman has been fulfilled by Mr Mark Lindh, who is an independent Director and the role of Managing Director has been fulfilled by Mr Mark Deuter.



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2.6 Board induction and professional development - followed

An induction process including appointment letters exists to promote early, active and relevant involvement of new members of the Board. All Aerometrex directors are encouraged to further their knowledge through ongoing professional development through professional industry, governance and government bodies.

Principle 3 **Act ethically and responsibly**

3.1 Code of conduct - followed

The Company aims for an appropriate standard of corporate governance and ethical conduct by Directors and employees.

All directors have signed agreements with the Company which require them to comply with all the obligations of a director under the Corporations Act 2001. Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with Section 195 of the Corporations Act 2001, a director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter, subject to the discretion of the Board.

All Directors are required to provide the Company with details of all securities registered in the Director's name or an entity in which the director has a relevant interest.

Directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. The Corporations Act also prohibits the acquisition and disposal of securities where a person possesses information that is not generally available, and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available.

The Company has a code of conduct for Directors, senior executives and employees. A copy of the code is available on the Company's website.

Principle 4 **Safeguard integrity in financial reporting**

4.1 Audit committee – followed

The Audit Committee consists of all three Non-Executive Directors, the majority of whom are independent directors, with Mr Peter Foster as the Committee Chair, who is an independent director. The Audit Committee has a formal charter, which is available on the Company's website. Refer to; <https://aerometrex.com.au/>

Meetings are held as required between the Audit Committee, the Company's Managing Director, the Chief Financial Officer and the Auditors to discuss the Company's ongoing activities and to discuss, where appropriate, any proposed changes prior to their implementation and to seek advice in relation thereto.

The Board has no formal procedures for the selection, appointment or rotation of its external auditor but reviews this matter on an ongoing basis and implements changes as required.

For the relevant qualifications and experience of members of the Audit Committee refer to the Company's website.

4.2 MD and CFO financial statements declaration - followed

The person who performs the Managing Director and Chief Financial Officer roles are required to provide written declarations under s295A of the Corporations Act that, in their opinion;



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- 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.

The Managing Director, Mark Deuter and the former Chief Financial Officer, Matthew White have provided their declarations to the Board in relation to the 2019 Annual Report.

4.3 External Auditor attendance at AGM - followed

The external auditor of the Company is invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Principle 5 ***Making timely and balanced disclosure***

5.1 Continuous disclosure policy – followed

The Company has in place a continuous disclosure policy, a copy of which is provided to all Company officers and employees who may from time to time be in the possession of undisclosed information that may be material to the price or value of the Company's securities.

The continuous disclosure policy aims to ensure timely compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 (Cth) and ASX Listing Rules and ensure officers and employees of the Company understand these obligations. The procedure adopted by the Company is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who in consultation with the Board (where practicable) and any other appropriate personnel, will consider the information and whether

disclosure is required and prepare an appropriate announcement.

At least once in every 12-month period, the Board will review the Company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

Principle 6 ***Respect the rights of shareholders***

6.1 Information on website - followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and aims to ensure that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

The Company website contains names, photographs and profiles of its directors and senior executives.

The Company website also has a corporate governance page which provides access to the Company's constitution, Board and Committee charters, corporate governance policies and statements. Refer to <https://aerometrex.com.au/>

6.2 Investor relations program – followed

Due to the size of the Company, the Board does not believe that a documented or formalised investor program is required. However, the Company actively engages with investors at the Annual General Meeting and General Meetings, provides periodic operational updates to the market and responds to enquiries made from time to time.

Information is communicated to Shareholders as follows:

- as the Company is a disclosing entity, regular announcements are made to the Australian Securities Exchange in accordance with the Company's continuous disclosure policy, including



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quarterly cash flow reports, half-year audit reviewed accounts, year-end audited accounts and an Annual Report;

- the Board ensures the Annual Report includes relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments;
- any proposed major changes in the Company's affairs are submitted to a vote of Shareholders, as required by the Corporations Act 2001;
- the Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Company's strategies and goals. All Shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Company; and
- the external auditor is requested to attend the annual general meetings to answer any questions concerning the audit and the content of the auditor's report.

The Board reviews this policy and compliance with it on an ongoing basis.

6.3 Security holder participation at meetings – followed

The Board encourages full participation of shareholders at the Annual General Meeting and general meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the Shareholders as single resolutions and Shareholder discussion of the resolutions is encouraged.

6.4 Electronic security holder communications - followed

The Board aims to ensure that Shareholders are given the opportunity to engage with the Company as conveniently as possible. Shareholders are able to receive communications from the Company electronically via the Company's share registry, Computershare Investor Services. Shareholders are also able to contact the Company via its public email address investorrelations@aerometrex.com.au

and the share registry via its online portal, Investor Centre – Australia. Refer to www-au.computershare.com/Investor

Principle 7 **Recognise and manage risks**

7.1 Risk committee – followed

Aerometrex is committed to the proactive management of risks and opportunities through the development of a strong culture and the implementation of practical risk management frameworks and processes across all structures, functions and operational activities.

The Audit Committee deals with Board matters of Audit, Finance and Risk and consists of three Non-Executive Directors, the majority of whom are independent. Audit Committee consists of Peter Foster (Chair), Mark Lindh and Matthew White;

Meetings are held as required by the Audit Committee to discuss the Company's ongoing risk activities and to discuss, where appropriate, any proposed changes prior to the risk management framework and implementation and to seek advice in relation thereto. For the relevant qualifications and experience of members of the Audit Committee refer to the Company's website.

The Audit Committee's charter is available on the Company's website. Refer to <https://aerometrex.com.au/>

7.2 Risk assessment and management - followed

The Company's maintains a risk management framework in accordance with its risk management policy. The Company's policies, registers and practices are designed to identify and manage significant business risks, including:

- regular budgeting and financial reporting;
- procedures and controls to manage financial exposures and operational risks;
- the Company's business plan;
- corporate strategy guidelines and procedures to review and approve the Company's strategic plans; and



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- insurance and risk management programmes which are reviewed by the Board.

The Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings. The Company's management has reported to the Board on the effectiveness of the Company's management of its material business risks. The Company's risk profile is reviewed annually. The Board may consult with the Company's external Auditors on external risk matters or other appropriately qualified external consultants on risk generally, as required. A review of the risk management framework has occurred during the period.

The Board receives regular reports (monthly) about the financial condition and operating results of the consolidated group. The Managing Director and the Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- the Company's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

7.3 Internal Audit function – not followed

The Company does not have an internal audit function and does not believe that the size and nature of the Company warrants establishment of said function at this time.

Procedures have been established at the Board and Management levels that are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To achieve this, the Non-Executive Directors perform the following procedures:

- ensure appropriate follow-up of significant audit findings and risk areas identified;
- review the scope of the external audit to align it with Board requirements; and
- conduct a detailed review of published accounts.

7.4 Economic, environmental and social risks – followed

The Board recognises that there are inherent risks associated with the Company's operations. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. Reports in relation to the Company's management of its material business risks are presented to the Board in the MD report. The Board and Management do not consider that the entity has any material exposure to economic, environmental or social sustainability risks and has similar operating risks to any other business developing and producing aerial imagery.

Principle 8 Remunerate fairly and responsibly

8.1 Remuneration committee – followed

The Company has a Remuneration and Nomination Committee ('Committee') that undertakes the role of the remuneration committee. The Remuneration and Nomination Committee has an informal charter and is in the process of formalising the charter. The role of the remuneration committee is to assist the Board in the general application of the remuneration policy. In doing so, the remuneration committee is responsible for:

- developing remuneration policies for Directors and Key Management Personnel, with the assistance, as necessary, of independent external consultants;
- reviewing Key Management Personnel remuneration packages annually and, based on these reviews, making recommendations to the Board on remuneration levels for Key Management Personnel; and



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- assisting the Chair in reviewing KMP performance and reporting to the Board on Key Management Personnel performance.

The Remuneration and Nomination Committee consists of three Non-Executive Directors, with Mr Mark Lindh as the Committee Chair who is an independent director.

8.2 Executive and Non-Executive remuneration policy - followed

Non-Executive Directors will be remunerated by cash director's fees or share benefits alone and will not be provided with retirement benefits, other than statutory superannuation contributions. Executive Directors and Executives may be remunerated by both fixed remuneration and equity performance based remuneration plus statutory superannuation contributions but no termination payments will be agreed other than a reasonable period of notice of termination as detailed in the executive's employment contract.

8.3 Equity-based remuneration scheme – followed

The Company does have an equity-based remuneration scheme. The Company has a policy that participants are not permitted to enter into transactions which limit the economic risk of participating in the scheme.

A copy of the Company's securities trading policy is available on the Company's website. Refer to <https://aerometrex.com.au/>