



## **MOUNT BURGESS MINING NL – CORPORATE GOVERNANCE STATEMENT AS AT 30 JUNE 2018**

Mount Burgess Mining NL (the Company), its Board of Directors (the Board) and senior management are committed to the Corporate Governance Principles and Recommendations, ethical standards and risk management. This Corporate Governance Statement sets out the Company's approach to corporate governance.

In reporting on corporate governance for the financial year ended 30 June 2018, the Company has elected to place this Corporate Governance Statement on its website instead of including it in the Annual Report.

The Board of Mount Burgess Mining NL is responsible for guiding and monitoring the consolidated entity on behalf of its shareholders. Oversight and management of the Company's corporate governance policies and procedures is addressed by the whole Board.

In the past the Company has only commented in its Annual Report on the Principles it did not comply with. The Company's Corporate Governance Statement below has been structured to specifically align with the ASX Corporate Governance Council's Principles and Recommendations (the "ASX Recommendations") which are as follows:

Principle 1 Lay solid foundations for management and oversight

Principle 2 Structure the Board to add value

Principle 3 Act ethically and responsibly

Principle 4 Safeguard integrity in financial reporting

Principle 5 Make timely and balanced disclosure

Principle 6 Respect the rights of security holders

Principle 7 Recognise and manage risk

Principle 8 Remunerate fairly and responsibly

In accordance with the Australian Securities Exchange Limited (“ASX”) Listing Rules (“ASX Listing Rules”), this Statement also reports on:

- the extent to which the Company has followed the Corporate Governance Recommendations contained in the ASX Recommendations; and
- the reasons for any departures from the ASX Recommendations, in compliance with the “if not, why not” regime.

The Company complies with the majority of the ASX Recommendations.

A copy of our Corporate Governance Statement is available on the Company’s website: [www.mountburgess.com](http://www.mountburgess.com).

## **Principle 1: Lay Solid Foundations for Management and Oversight**

### Recommendation 1.1: Role of the Board and Management

The Board is accountable to shareholders for the performance of the Company and has overall responsibility for its operations. The Board determines and monitors on behalf of shareholders the day to day business and affairs of the Company and its subsidiaries and is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, reviewing and monitoring systems of risk management, internal control and compliance and the adherence to Company policies.

Management of the business of the Company is conducted by the Chief Executive Officer as designated by the Board and by officers and consultants to whom the management function is delegated by the Chief Executive Officer.

### Recommendation 1.2: Director Checks

The Company performs checks on all potential Directors including experience and education before appointing a person or putting forward to shareholders a candidate for election as a Director. In addition, all material information has been provided to shareholders relating to the current Board members.

### Recommendation 1.3: Written agreements with Directors and Senior Executives

The Company has a written agreement with each director and the CEO.

### Recommendation 1.4: Company Secretary

The joint Company Secretaries of the Company are accountable directly to the Board, through the Chair on all matters to do with proper functioning of the Board.

### Recommendation 1.5: Diversity – **Company does not comply**

The Board believes that at this stage in its development the Company is not of sufficient size to justify the development and monitoring of measurable objectives and strategies of a Diversity Policy. However Ms Serene Chau, Ms J Forrester and Ms K Clark are senior executives in the Company and they fulfil the following roles:

**Mount Burgess Mining NL**

Joint Company Secretary Ms S Chau and Ms J Forrester

Chief Financial Accountant Ms S Chau

Director Ms K Clark

**Mount Burgess (Botswana) (Proprietary) Limited**

Director Ms S Chau

Director Ms J Forrester

**MTB Namibia (Pty) Ltd**

Director Ms S Chau

Director Ms J Forrester

The following table shows the proportional representation of women at various levels within the Company's workforce **as at 30 June 2017:**

|                                   |     |
|-----------------------------------|-----|
| Directors of Holding Company      | 20% |
| Directors of Subsidiary Companies |     |
| Botswana                          | 40% |
| Namibia                           | 50% |
| Non-executive directors           | 33% |
| Senior executives                 | 50% |
| Total in the whole organization   | 3   |

#### Recommendation 1.6: Assessment of Board Performance

The process of evaluating the performance of Board members and senior executives in respect of the duties which they are required to perform within the capacity for which they are engaged, is conducted on an ongoing basis by the Board of the Company. The Company is of the size where this process can be conducted satisfactorily without having to engage in evaluation regimes to determine states of performance. Any unsatisfactory states of performance are dealt with accordingly.

#### Recommendation 1.7: Performance evaluation of senior executives

Refer to 1.6 above.

### **Principle 2: Structure the Board to add value**

#### Recommendation 2.1: Nomination Committee **Company does not comply**

Due to the size and scale of the Company, the Company currently does not have a nomination committee.

The role of the nomination committee is undertaken by the full board which evaluates the skills and experience of its members and determines whether additional members should be invited to the board to complement or replace existing members.

#### Recommendation 2.2: Board skills matrix

The Board reviews its composition on a continual basis to ensure that an appropriate mix of skills, experience, expertise and diversity is brought to the Board. It is of the view of the Board of the Company that at the Company's current size and scale it has the appropriate mix of skills.

#### Recommendation 2.3: Directors' Independence

The Company discloses each year in the Directors' Report of its Annual Financial Statements the Directors who are considered Independent Directors and their length of service.

#### Recommendation 2.4: A majority of the Board should be Independent Directors

The majority of the Company's board are Independent Directors.

#### Recommendation 2.5: Chair should be an Independent Director **Company does not comply**

Mr Forrester, engaged in the role of CEO is not considered to be independent in his role as Chairman. For the sake of preserving administrative costs Mr Forrester is currently filling the role of both Chairman and Managing Director.

#### Recommendation 2.6: Director induction and Professional Development

Currently the induction of new Directors and professional development of existing Directors is managed informally by the full Board. This induction programme covers all aspects of the Company's activities and operations and includes the provision of information and meetings held relevant to the position. The Board recognizes the importance of providing new Directors with the opportunity to build their knowledge of the Company quickly to ensure they are able to make an effective contribution to the work of the Board.

### **Principle 3: Act ethically and responsibly**

#### Recommendation 3.1: Code of Conduct

The Company has a Code of Conduct and the Board endeavours to engage fellow Board Members, Senior Management and Employees of the highest ethical standard. As the Company is engaged in operations in countries outside Australia it engages a proportion of local senior management and employees to achieve familiar compliance with local laws and customs. At the same time the Company requires compliance with legal and operational procedures relative to Australia. Any divergence from the standard of ethics required is dealt with in accordance with the laws and procedures as laid down in the countries in which the Company operates.

The Code of Conduct includes but is not necessarily limited to such issues as accountability, dealing with concern, violation of Company policies and standards, treatment of Company personnel and co-workers, confidentiality, personal information and intellectual property, misuse of Company assets and resources, fraud and theft, bribery and corruption, alcohol and drug abuse, use of Company information systems, respect for host country's laws etc.

### **Principle 4: Safeguard integrity in corporate reporting**

#### Recommendation 4.1: Audit Committee **Company does not comply**

The Company has not complied with Recommendation 4.1 of the ASX Corporate Governance Principles and Recommendations as it does not have a separately-established Audit Committee. The Board believes that due to the Company's size an Audit Committee's function and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Directors are given the opportunity to liaise with the Company's auditors separately and before the final signing of the half yearly and annual financial statements.

The Board considers and deals with matters which would otherwise be attended to by an Audit Committee such as:

| <b>Board Responsibilities</b>   | <b>Board</b> | <b>Senior Management/Executives</b> |
|---|--------------|-------------------------------------|
| Overseeing the Group, including its control and accountability systems  | √            | √                                   |
| Monitoring and guiding the Group in accordance with its planned and approved strategic direction and required performance.  | √            | √                                   |
| Approving and monitoring the Group's budgets.   | √            | √                                   |
| Reporting to shareholders and authorities, as required, on the performance and state of the Company.  | √            | √                                   |
| Approving and monitoring the progress of capital management, capital expenditure, acquisitions and divestments;   | √            | √                                   |
| Continually monitoring and implementing the Group's systems of internal compliance and control, risk management and legal compliance and ensuring the integrity and effectiveness of those systems; | √            | √                                   |
| Approving and monitoring financial and other reporting, including reporting to shareholders, the Australian Securities Exchange and other authorities as required.                                  | √            | √                                   |
| Appointing and removing the Chief Executive Officer, Company Secretary and Chief Financial Officer;   | √            |                                     |
| Selecting and ratifying the appointment of senior management  | √            |                                     |
| Monitoring senior management's performance  | √            |                                     |
| Ensuring that the remuneration and conditions of service are appropriate to attract and retain required senior management; and  | √            |                                     |
| Establishing and monitoring succession planning for the Board and senior management.  | √            |                                     |
| Approving and monitoring procedures for the selection of the external auditor and rotation of external audit partners   | √            | √                                   |
| Assessing the performance and independence of the external auditors   | √            | √                                   |

#### Recommendation 4.2: CEO and CFO declaration in relation to the Company's financial statements

The Company's CEO and Company Secretary are required to make a declaration in accordance with section 295A of the Corporations Act 2001 and the ASX Guidelines that the Company's financial report presents a true and fair view of the Company's financial position and that the results are reported in accordance with relevant accounting standards in place at that time.

#### Recommendation 4.3: Attendance of External Auditor at AGM

As required under Section 250 of the Corporations Act 2001 the external auditor attends the Company's AGMs and is available to answer questions from security holders relative to the audit.

### **Principle 5: Make timely and balanced disclosure**

#### Recommendation 5.1: Compliance with Continuous Disclosure Obligations

As a public exploration company, listed on the Australian Securities Exchange, the Company adopts the policy of strict adherence to the ASX Listing Rules and requirements under the Corporations Act in respect of responsible, timely, balanced and factual continuous disclosure requirements, for the purpose of keeping the market fully informed in respect of price sensitive information.

#### Summary of the Company's Written Policy in relation to its continuous disclosure obligations

The CEO is responsible for determining what amounts to price sensitive information and in so doing may seek legal advice or advice from the Board. Draft announcements are prepared for review by either administrative or geological staff or geological consultants, dependent upon the type of announcement to be made. Price sensitive information for this Company would normally include:

- Significant exploration results, resource/reserve results or mining results. All such results are reported in compliance with the JORC Code and only released with the approval of relevant qualified personnel.
- Changes to the Company's Board of Directors or Auditors
- Changes to the Company's issued share capital through capital raisings
- Changes to the Company's Directors' shareholdings
- The acquisition or disposal of exploration areas and resources/reserves
- The formation of joint ventures

All price sensitive announcements are posted to the Company's website as soon as possible after the announcements have been released to the market by the ASX.

## **Principle 6: Respect the rights of security holders**

### Recommendation 6.1: Provision of information to security holders

The Company continuously provides information about itself and its governance to investors via its website.

### Recommendation 6.2: Investor Relations **Company does not comply**

Because of its size the Company does not have a formal investor relations programme. However the Company ensures that a full review of its operations is presented following the Company's Annual General Meeting. Its website, [www.mountburgess.com](http://www.mountburgess.com) is regularly updated with ASX announcements including Annual and half-yearly financial statements and quarterly reports.

### Recommendation 6.3: Security holders participation at meetings

The Company provides mechanisms for security holders to communicate at meetings of members in the Company's Notice of Meeting and by way of the Proxy Form.

### Recommendation 6.4: Electronic Communication

The Company has provided the option, on its website, for security holders and other interested parties to receive communications from the Company should they elect to do so. Shareholders also have the option to receive the annual financial statements by email. The Company provides a hard copy of those statements only to those security holders who have specifically elected to receive a printed hard copy. However the Company has not yet initiated Electronic Voting for its General Meetings.

## **Principle 7: Recognise and manage risk**

### Recommendation 7.1: Risk Committee **Company does not comply**

The Company does not have a separate risk committee. The full Board of the Company oversees the Company's risk management framework. The Company recognises that there are inherent risks in being involved in the resource exploration industry and operating in non-domicile countries. The policy of the Board is to monitor and if considered necessary, seek advice on areas of operational and financial risk and implement strategies for appropriate risk management arrangements.

Specific areas of risk, which are regularly considered at Board Meetings, include expenditure levels relative to exploration success, going concern, foreign currency and commodities price fluctuations, performance of activities, human resources, the environment, land access, political instability and internal control.



#### Recommendation 7.2: Annual risk review

The full Board of the Company reviews the Company's risk management framework continually to satisfy itself that it continues to be sound. Although these reviews take place they are not disclosed.

#### Recommendation 7.3: Internal Audit

The Company has an internal audit function. The continual internal audit function is conducted by the Joint Company Secretaries, CEO and if necessary the full Board.

#### Recommendation 7.4: Sustainability risks

The full Board of the Company continually keeps itself abreast of its exposure to economic, environmental and social sustainability and advises how it intends to manage any of these risks should this become necessary.

### **Principle 8: Remunerate fairly and responsibly**

#### Recommendation 8.1: Remuneration Committee **Company does not comply**

Because of its size the Company does not have a separate remuneration committee.

The Board, as a whole, reviews the remuneration packages and policies applicable to Executive Directors, Senior Executives and Non-Executive Directors on an annual basis. Under normal commercial circumstances remuneration levels will be realistically and competitively set to attract the most qualified and experienced Directors and Senior Executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

Under normal commercial circumstances Executive Directors receive a salary and share options. Non-Executive Directors would normally receive a set fee per annum and share options and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties.

However, because of the difficulty of raising funds as an exploration company under the current global economic conditions, those whilst holding the position as Non-Executive Directors of the Company and Australian resident Non-Executive Directors of the Company's wholly owned subsidiary Company, Mount Burgess (Botswana) (Proprietary) Ltd, have as at the date of this report only taken fees (as shares in lieu of fees) to the half year to 31 December 2016. Shares in lieu of fees were issued to Non-Executive Directors of the Company and Australian resident Non-Executive Directors the Company's wholly owned Subsidiary Company, Mount Burgess (Botswana) (Proprietary) Ltd, as approved at a General Meeting of the Company held on 28 June 2017. The Company's CEO/Chairman has not taken the salary increase recommended by the Board in 2008; nor has he received a salary for the last five years despite working full time for the Company.

The Company plans to call a meeting for the approval of the issue of shares in lieu of directors' fees to non-executive directors of the Group to cover the period 1 January 2017 to 30 June 2018.

### Recommendation 8.2: Disclosure of remuneration Policies and Practices

The Remuneration Report contained in the Annual Report outlines the Directors and Executives remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and the Corporation Regulations.

There are no schemes in place at this time for retirement benefits for executive or Non-Executive Directors.

Remuneration of Executive Directors, Non-Executive Directors and Senior Management is approved by the Board of the Company. Currently with constraints on cash flow only one of the two Executive Directors received remuneration.

### Recommendation 8.3: Equity based remuneration policy

At this point in time the Company does not have an equity based remuneration scheme.

**END**