

## Details of the Company's Corporate Governance Framework and Practices

### 1 Introduction

The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manage its risks.

The Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments (together "Charter").

The Company's Charter is based on a template which has been professionally verified to be complementary to and in alignment with the ASX Corporate Governance Council Principles and Recommendations 3rd Edition 2014 ("ASX CGC P&R") in all material respects. The Charter also substantially addresses the suggestions of good corporate governance mentioned in the "Commentary" sections of the ASX CGC P&R.

The Charter was formally adopted by the board on 28 November 2014.

However, as with any system which is dependent on human endeavour, application and interaction, cultural compliance in practice with all elements of the Charter remains an aspirational work in progress, but with commitment for continuous improvement in the take up and adherence to the governance practices and outcomes set out in the Charter.

In particular, those recommendations of the ASX CGC P&R which will not currently be followed, and the reasons why they will not currently be followed, are set out in Table A below.

**TABLE A**

	<b>ASX CGC P&amp;R Recommendation #</b>	<b>Nature of non full compliance</b>	<b>Reasons</b>
1.	2.1(c)	The nominations committee has less than 3 members and does not have a majority of independent directors	See Note (1)
2.	2.4	The majority of the board are not independent directors	See Note (1)
3.	2.5	The chair of the Company is not an independent director	See Note (1)
4.	4.1(a)	The audit committee has less than 3 members and does not have a majority of independent directors	See Note (1)
5.	7.1(a)	The risk committee does not have a majority of independent directors	See Note (1)
6.	8.1(a)	The remuneration committee has less than 3 members and does not have a majority of independent directors	See Note (1)

## 2 Links to the Charter

The index to the Charter, with links to the Charter and each part of it (including board committee terms of reference, codes of conduct, policies, protocols and practices), is set out below:

<b>Full and complete copy of charter</b>	<a href="#">link</a>
<b>1 Introduction</b>	<a href="#">link</a>
<b>2 Board Charter</b>	<a href="#">link</a>
2.1 Responsibilities of the Board and Management	
2.2 Board Members	
2.3 Board members and Executive Officers – Policy Requirements	
2.4 Board Meetings	
2.5 Board Committees	
2.6 Key Office Bearers	
2.7 Shareholder (including Security Holder) Meetings	
2.8 Communications with shareholders and other stakeholders	
2.9 Policies Generally	
2.10 Financial Integrity	
2.11 Governance Disclosure – ASX CGC Principles & Recommendations (3 <sup>rd</sup> Edition) (“Recommendations”)	
<b>Appendix A</b>	<a href="#">link</a>
Company Constitution	
<b>Appendix B</b>	<a href="#">link</a>
ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (3 <sup>rd</sup> Edition) (“Recommendations”)	
<b>Appendix C</b>	<a href="#">link</a>
Structure of Board, Committees and Key Office Bearers and Accountability Flows	
<b>Appendix D</b>	<a href="#">link</a>
Proforma template of governance structure and procedural workings for Committees	
<b>Appendix E</b>	<a href="#">link</a>
Nominations Committee Charter	
<b>Appendix F</b>	<a href="#">link</a>
Remuneration Committee Charter	
<b>Appendix G</b>	<a href="#">link</a>
Audit Committee Charter	

<b>Appendix H</b>	<a href="#">link</a>
Risk Management Committee Charter	
<b>Appendix I</b>	<a href="#">link</a>
Board Members' and Senior Executives' Code of Conduct	
<b>Appendix J</b>	<a href="#">link</a>
Conflict of Interest Protocol	
<b>Appendix K</b>	<a href="#">link</a>
Group Code of Conduct/Values	
<b>Appendix L</b>	<a href="#">link</a>
Job Description – Chief Executive Officer – Delegated Authority	
<b>Appendix M</b>	<a href="#">link</a>
Risk Management Policy	
<b>Appendix N</b>	<a href="#">link</a>
Policy on the Trading of Company's Shares	
<b>Appendix O</b>	<a href="#">link</a>
Continuous Disclosure/Release of Price Sensitive Information	
<b>Appendix P</b>	<a href="#">link</a>
Board Calendar (Strategic Governance Issues)	
<b>Appendix Q</b>	<a href="#">link</a>
Contents of Directors' Letter of Appointment	
<b>Appendix R</b>	<a href="#">link</a>
Board and Management Performance Enhancement Policy	
<b>Appendix S</b>	<a href="#">link</a>
Procedure for the selection and appointment of an external auditor (incorporated as part of the Audit and Risk Committee's Charter)	
<b>Appendix T</b>	<a href="#">link</a>
Diversity Policy	
<b>Appendix U</b>	<a href="#">link</a>
Communications with shareholders, security holders and other stakeholders	

### 3 General ASX CGC P&R disclosures

For the purposes of the following Recommendations under the ASX CGC P&R the following disclosures are made:

(a) Recommendation 2.2

The Company has assessed the current mix of skills and diversity of its board members, and that to which it is looking to achieve, by use of a board skills matrix.

- (i) The principal relevant mix of skills and diversity of the Company's current board includes:
- Mining projects and resources management
  - Strategy and risk management
  - Financial and accounting
  - Governance and legal
  - Capital markets and fundraising
- (ii) The additional skills and diversity that the Company's board is seeking to achieve at an appropriate time in the context of the board's succession planning includes:
- Project financing and corporate management
  - downstream minerals project management
  - Metallurgical engineering
  - International business dealings
  - Accounting and financial management

(b) Recommendations 2.3(a)

The current directors of the Company, their respective status as "independent directors", status as executive/non-executive directors, and length of service as directors, appear in the table below.

<b>Director's name &amp; position held (e.g. Chair, CEO, Director)</b>	<b>Independent/ Non-independent Status</b>	<b>Executive/ Non-executive Status</b>	<b>Length of service as a director (month and year first appointed)</b>
David Reed (Chair)	Non-independent	Non-Executive	December 2001
Chris Reed (CEO)	Non-independent	Executive	December 2001
Steven Cole (Deputy Chair)	Independent	Non-executive	July 2008

(c) Recommendations 2.1, 4.1, 7.1 and 8.1

The board has established the board committees as listed below. The members of those committees are listed against each Committee. The note to the audit committee identifies the qualifications and experience of the audit committee members.

<b>Board Committee</b>	<b>Name of Committee Chair</b>	<b>Name of other Committee Members</b>
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Nominations (*)	Steven Cole	David Reed
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Remuneration (*)	Steven Cole	David Reed
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Audit [Note (1)] (*)	Steven Cole	David Reed
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Risk (*)	Steven Cole	David Reed
		Chris Reed

Note (1) – Qualifications and experience of audit committee members

<b>Audit Committee Member's Name</b>	<b>Qualifications and experience</b>
Steven Cole	Llb (Hons), CPA Certificate Course, AICD (Fellow)
David Reed	Chartered Accountant

(d) Recommendation 7.3(a):

- (i) The Company's internal audit function operates under the oversight of the Audit Committee.
- (ii) The role the function performs is to address the scope and adequacy of the Company's internal controls and compliance requirements to assure integrity in the Company's operations and affairs.
- (iii) At this time of the Company's evolution and business needs, the board has assessed that a dedicated internal audit charter, internal audit plan and/or internal auditor is not needed or warranted, although that assessment will be the subject of future review having regard to the Company's need and circumstances.

(e) Recommendation 7.4:

The Company considers that having regard to the nature of its corporate affairs, business and operations, it does not have any material exposure (\*) risk to the following other than as set out in the table following:

- economic sustainability (\*)
- environmental sustainability (\*)
- social sustainability (\*)

(\*) In the terms of Recommendation 7.4 it is noted that these terms are defined as follows:

- (i) *material exposure* – “a real possibility that the risk in question could substantively impact the [Company's] ability to create or preserve value for security holders over the short, medium or long term.”
- (ii) *economic sustainability* – “the ability of [the Company] to continue operating at a particular level of economic production over the long term”.

- (iii) *environmental sustainability* – “the ability of [the Company] to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term”.
- (iv) *social sustainability* – “the ability of [the Company] to continue operating in a manner that meets accepted social norms and needs over the long term”.

Type of sustainability risk exposure (*)	Details of material exposure to the relevant sustainability risk
Economic	Not Applicable
Environmental	Not Applicable. The Company is in good standing with any applicable environmental requirements affecting its mining tenement interests.
Social	Not Applicable. The Company is in good standing with any applicable Native Title arrangements affecting its mining tenement interests.

#### 4 Corporate Governance Statement

- (a) ASX Listing Rule 4.10.3 requires the Company to publish a “corporate governance statement” in the terms of that ASX Listing Rule.
- (b) In compliance with ASX Listing Rule 4.10.3, the Company’s “corporate governance statement” is not to be published before the end of the Company’s annual reporting period to which the statement relates. Accordingly, the Company’s first “corporate governance statement” is not able to be published before 1 July 2015.
- (c) Following publication of the Company’s first “corporate governance statement” after 30 June 2015, and pending then, a pro forma of the proposed outline of the Company’s “corporate governance statement” may be found here.

link

**Note 1**

Currently the Company has only 3 directors – David Reed (Non-executive Chair), Steven Cole (Deputy Chair – independent non-executive) and Chris Reed (CEO).

The Chair is a substantial shareholder in the Company and therefore is considered not to be “independent”. The CEO is an executive and therefore is not an independent director. The Deputy Chair is an independent non-executive director.

The board is committed to expanding its membership with the addition of 2 appropriately skilled and experienced non-executive independent directors by the time of the Company's 2015 AGM.

Upon attainment of this commitment, the board should have sufficient independent non-executive directors to meet these ASX CGC P&R requirements including appropriately repopulating its board committees.

By the time of the Company's 2015 AGM, the Company's business is projected to be developing so as to support the need for the additional directors.

The board believes it not to be in the Company's best interests to now burden the Company with the cost of additional directors, who may not be optimal for the Company's needs, merely to meet the ASX CGC P&R.

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