

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Nagambie Mining Limited (*Nagambie Mining or the Company*) is responsible for the corporate governance of the Company. 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.

In accordance with the ASX Corporate Governance Council's **Corporate Governance Principles and Recommendations: 3<sup>rd</sup> Edition** (*the Principles*), the corporate governance statement reports on the Company's adoption of the Principles on an exception basis. This statement provides specific information whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. Nagambie Mining's corporate governance principles and policies are therefore structured with reference to the Principles, which are as follows:

- 1: Lay solid foundations for management and oversight.
- 2: Structure the board to add value.
- 3: Act ethically and responsibly.
- 4: Safeguard integrity in corporate reporting.
- 5: Make timely and balanced disclosure.
- 6: Respect the rights of security holders.
- 7: Recognise and manage risk.
- 8: Remunerate fairly and responsibly.

## 1. Lay Solid Foundations for Management and Oversight

### ***Recommendation 1.1: The Board and Senior Management – Roles and Responsibilities***

The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return.

The Board is therefore concerned to ensure that the Company is properly managed to protect and enhance shareholder interests and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance.

The Board is responsible for, inter alia, development of strategy, approving operating budgets and major capital expenditure, appointing a CEO and other senior executives, oversight of management, risk management and compliance systems, and monitoring performance. The Board has established certain policies and protocols in relation to the Company's operations, some of which are summarised in this statement.

The Board has delegated the authority and responsibility for implementing the Company's strategic direction and overseeing the everyday affairs of the Company to senior management.

A statement as to the corporate governance policies adopted by the Company is available at the Company's website.

### ***Recommendation 1.2: Board Nominations***

The Board will consider nominations for the appointment or election of Directors that may arise from time to time, having regard to the skills and experience required by the Company and procedures outlined in the Company's Constitution and the *Corporations Act 2001* (Cth).

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director. Candidates are assessed through interviews, meetings and background and reference checks (which may be conducted both by external consultants and by Directors) as appropriate.

The Company gives shareholders all material information in its possession relevant to the decision on whether or not to elect (or re-elect) a Director, either in the notice of the meeting at which the election of the Director is to be held, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with ASX where the information can be found.

### ***Recommendation 1.3: Terms of Appointment – Directors and Senior Executives***

Each new Non-Executive Director will receive a letter formalising their appointment and outlining the material terms of their appointment. Non-Executive Directors of the Company have not been appointed for fixed terms.

Senior Executives will generally have written employment agreements with the Company setting out their duties, obligations and remuneration. The present Senior Executives are experienced company executives and are well aware

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of the requirements of their positions, including their roles and responsibilities and their duties as directors/officers of the Company. Their remuneration has been determined by the Board.

The remuneration paid/payable to the Company's 'key management personnel' is outlined within the Remuneration Report in the Company's latest Annual Report.

#### **Recommendation 1.4: The Company Secretary**

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the systems and processes that are appropriate for the Board to fulfil its role. The Company Secretary is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

#### **Recommendation 1.5: Diversity**

The Company has not adopted a formal diversity policy and therefore, has not set measurable objectives for achieving gender diversity. The Board is of the view that the size of the Company and the scale and nature of its operations does not currently lend itself to an effective and meaningful application of such a policy. However, the Board intends to reconsider the adoption of a formal diversity policy periodically.

The table below sets out the respective proportions of men and women on the Board, in senior executive positions and across the organisation as a whole.

	<b>Number</b>	<b>Percentage</b>
Women in the whole organisation	1	16.6%
Men in the whole organisation	5	83.4%
Women in senior executive positions	Nil	0%
Men in senior executive positions	1	100%
Women on the board	Nil	0%
Men on the board	3	100%

#### **Recommendations 1.6 and 1.7: Performance Review and Evaluation**

The Board reviews and evaluates the performance of the Board and the Board committees. The process is to involve the assessment of all of the Board's key areas of responsibility. The Board's contribution as a whole is reviewed and areas where improvement can be made are noted. The performance evaluation process is as follows:

- (a) each Director will periodically evaluate the effectiveness of the Board and its committees and submit observations to the Chairman;
- (b) the Chairman of the Board will make a presentation incorporating his assessment of such observations to enable the Board to assess, and if necessary, take action;
- (c) the Board will agree on development and actions required to improve performance;
- (d) given the small size of the Company and the scale and nature of its current level of operations, the Board has considered and believes that the current mix of skills and diversity as outlined in the Directors' Report is adequate. The Board will continue to monitor the mix of skills and diversity it is looking to achieve periodically;
- (e) outcomes and actions will be minuted; and
- (f) the Chairman will assess during the year the progress of the actions to be achieved.

This process aims to ensure that individual Directors and the Board as a whole contribute effectively in achieving the duties and responsibilities of the Board. The performance of the Board, individual Directors and key executives has taken place during this reporting period in accordance with the process set out above.

## **2. Structure the Board to Add Value**

#### **Recommendation 2.1: Nomination Committee**

Due to the small size of the Board and the Company's current level of operations, the Company does not have a separate nomination committee.

#### **Recommendation 2.2: Skills, Knowledge and Experience**

Directors are appointed based on the specific business, corporate and governance skills and experience required by the Company. The Board recognises the need for Directors to have a relevant blend of skills and personal experience in a

range of disciplines required for the proper management and oversight of the Company's operations, having regard to the scale and nature of its activities.

The Board seeks to ensure that its membership includes an appropriate mix of Directors with experience in the mining and resources sector, general management, accounting and finance and corporate affairs.

#### **Recommendations 2.3 and 2.4: Independent Directors**

At the date of this statement, the Board comprises of three Directors, two of whom, Mr Geoff Turner and Mr Kevin Perrin are deemed as independent Directors as defined under the Board policy on Director independence.

The Board is currently of the view that the current composition of the Board is adequate, having regard to the Company's level of operations and cash resources.

Mr Kevin Perrin has been a Board member since 17 September 2010 and Mr Geoff Turner has been a Board member since 20 December 2007. The Board regularly reviews the independence of each Non-Executive Director.

#### **Recommendation 2.5: Independent Chairman**

The Chairman, Mr Michael Trumbull, is an Executive Director, and is not deemed to be independent. Since December 2007, it was resolved by the current Directors that Mr Michael Trumbull be appointed Chairman having regard to his extensive mining industry experience as both an executive and director of ASX listed companies, the current size of the Board and the Company's current level of operations. Mr Trumbull was a Non-Executive Chairman until 13 September 2013, when he was engaged as Executive Chairman.

Due to the small size of the Board and the Company's current level of operations, the Company does not have a separate Chief Executive Officer.

#### **Recommendation 2.6: Induction of New Directors**

The Company has a programme for inducting new Directors. This includes giving new Directors a full briefing about the nature of the business, current issues, the corporate strategy and the expectations of the Board concerning the performance of Directors and access to all employees to gain full background on the Company's operations. Directors are encouraged to attend director training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, at the Company's expense (as approved by the Chairman and or the Board, as appropriate and applicable).

### **3. Act Ethically and Responsibly**

#### **Recommendation 3.1: Code of Conduct**

The Board has established a Code of Conduct that provides a framework in which the Company and its representatives conduct their business and activities in a fiscally efficient and socially responsible manner whilst seeking to maximise shareholder returns.

The Code of Conduct outlines how the Company expects Directors, management and employees to behave and conduct business in a range of circumstances. In particular, the Operating Procedures and Policy Guidelines require awareness of and compliance with laws and regulations relevant to Nagambie Mining's operations including environmental laws and community concerns. All Board members are qualified professionals within their respective industries and accordingly conduct themselves in a professional and ethical manner in both their normal commercial activities and the discharge of their responsibilities as Directors.

The Code of Conduct adopted by the Company is available at the Company's website.

### **4. Safeguard Integrity in Financial Reporting**

#### **Recommendation 4.1: The Board should establish an Audit Committee.**

The Board has established an Audit and Compliance Committee. The composition of this committee and its effectiveness is reviewed on a regular basis. The Audit and Compliance Committee comprises of Non-Executive Directors, Mr Kevin Perrin and Mr Geoff Turner. Invitations to executives to attend meetings are extended where appropriate.

The Audit and Compliance Committee monitors and reviews the effectiveness of the Company's controls in the areas of operational and balance sheet risk and financial reporting.

Members of the management and the Company's external auditors attend meetings of the Audit and Compliance Committee by invitation. The Audit and Compliance Committee may also have access to financial and legal advisers in accordance with the Board's general policy.

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Mr Kevin Perrin is Chairman of the Audit and Compliance Committee and is an independent director. The Audit and Compliance Committee consists of a majority of independent directors. Due to there only being two non-executive Directors on the Board the committee consists of those Directors and only comprises of 2 members.

The qualifications of the Audit and Compliance Committee members, Mr Kevin Perrin, and Mr Geoff Turner, are detailed in the Directors' report that is set out in the Annual Report.

The Audit and Compliance Committee operates under a charter approved by the Board. The Charter is available at the Company's website.

The Audit and Compliance Committee met four times throughout the year. Mr Kevin Perrin and Mr Geoff Turner were present at all meetings.

**Recommendation 4.2: Approval of Financial Statements**

Mr Michael Trumbull, as the Company's Executive Chairman, and Mr Kevin Perrin as the Company's Finance Director, have declared to the Board that in their opinion, the financial records of the Company have been properly maintained, that the financial statements comply with the Australian Accounting Standards and give a true and fair view of the financial position and performance of the Company. The declaration also confirms that their opinion has been formed on the basis of a sound system of risk management and internal control.

Mr Michael Trumbull has also declared to the Board that the Company's risk management, internal compliance and control system is operating efficiently and effectively in all material respects.

**Recommendation 4.3: Auditor Attendance at AGM**

The Company's external Auditor attends the Company's AGMs and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

**5. Make Timely and Balanced Disclosure**

**Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.**

The Board and senior management are aware of the continuous disclosure requirements of the ASX and have written policies and procedures in place, including a 'Continuous Disclosure and Compliance Policy' to disclose any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Directors and senior management of Nagambie Mining acknowledge that they each have an obligation to immediately identify and immediately disclose information that may be regarded as material to the price or value of the Company's securities.

The Executive Chairman is authorised to make statements and representations on the Company's behalf. The Company Secretary is responsible for overseeing and coordinating the disclosure of information to the ASX, analysts, stockbrokers, shareholders, the media and the public. The Company Secretary must inform the Directors, senior management and employees of the Company's continuous disclosure obligations on a quarterly basis.

The Directors and senior management of Nagambie Mining ensure that the Company Secretary is aware of all information to be presented at briefings with analysts, stockbrokers, shareholders, the media and the public. Prior to being presented, information that has not already been the subject of disclosure to the market and is not generally available to the market is the subject of disclosure to the ASX. Only when confirmation of receipt of the disclosure and release to the market by the ASX is received may the information be presented.

If information that would otherwise be disclosed comprises of matters of supposition or is insufficiently definite to warrant disclosure, or if the effect of a disclosure on the value or price of Nagambie Mining's securities is unknown, Nagambie Mining may request that the ASX grant a trading halt or suspend Nagambie Mining's securities from quotation. Management of Nagambie Mining may consult Nagambie Mining's external professional advisers and the ASX in relation to whether a trading halt or suspension is required.

The written policies and procedures in relation to the Company's continuous disclosure requirements with the ASX is available at the Company's website.

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## 6. Respect the Rights of Security Holders

### **Recommendation 6.1: Communication to Shareholders and Investors**

The Board aims to ensure that in accordance with Recommendation 6.1, all shareholders are informed of major developments affecting the affairs of the Company. Information is communicated to the shareholders through the annual and half year reports, disclosures made to the ASX, notices of meetings and letters to shareholders where appropriate.

A description of the arrangements the Company has to promote communications with shareholders is detailed in the Code of Conduct available at the Company's website.

### **Recommendation 6.2: Investor Relations Program**

Traditionally, the key forum for two-way communication between the Company and its shareholders is its AGM. The Board encourages shareholder participation at the Company's AGM and other general meetings of shareholders and the Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. Shareholders who are unable to attend the AGM or a general meeting may submit questions and comments before the meeting to the Company and/or to the Auditor (in the case of the AGM).

### **Recommendation 6.3: Shareholder participation at General Meetings**

A description of the arrangements the Company has to promote communications with shareholders is detailed in the Code of Conduct available at the Company's website.

### **Recommendation 6.4: Electronic Communication**

Shareholders may elect to receive Annual Reports electronically.

Shareholders may send communications to and receive communications from the Company and its Share Registry electronically. The contact email addresses for the Company [info@nagambiemining.com.au](mailto:info@nagambiemining.com.au) and Shareholders may submit electronic queries to the Company's Share Registry via its website [www.advancedshare.com.au](http://www.advancedshare.com.au).

## 7. Recognise and Manage Risk

### **Recommendation 7.1: Risk Committee.**

The Board has procedures in place to recognise and manage risk in accordance with Recommendation 7.1. Monthly reporting of financial performance is in place as are policies to manage credit, foreign exchange and other business risks.

The Company is committed to the proper identification and management of risk. Nagambie Mining regularly conducts technical meetings that are attended by Messrs Trumbull and Turner. Nagambie Mining also regularly undertakes reviews of its risk management procedures which include implementation of a system of internal sign-offs to ensure not only that Nagambie Mining complies with its legal obligations, but that the Board and ultimately shareholders can take comfort that an appropriate system of checks and balances is in place regarding those areas of the business which present financial or operating risks.

The Audit and Compliance Committee meets regularly to ensure, amongst other things, that the risk management, internal control structures and compliance with laws and regulations are operating effectively. Details of the composition and charter of the Audit and Compliance Committee are set out in section 4 above.

The Code of Conduct sets out the Company's commitment to maintaining the highest level of integrity and ethical standards in all business practices which is available at the Company's website.

### **Recommendation 7.2: Risk Management Framework**

The Company's management is responsible for providing leadership and direction, for establishing a context which fosters a risk management culture and for ensuring business, financial and risk management approaches are integrated during the planning, implementation and reporting of major ventures at all levels within the organisation.

At the Company's board meetings and technical meetings, the Company regularly undertakes reviews of its risk management procedures, which include implementation of a system of internal approvals to ensure not only that it complies with its legal obligations, but that the Board and shareholders can take comfort that an appropriate system of checks and balances is in place in those areas of the business that present financial or operating risks. As part of this

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risk management process, the Company's management has reported to the Board in relation to its management of the Company's material business risks.

**Recommendation 7.3: Internal Audit Function**

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, the expense of an independent internal auditor is not considered to be appropriate.

The Board performs all key elements of an internal audit function, including:

- (a) Evaluating, seeking and obtaining reasonable assurance that risk management, control, and governance systems are functioning as intended and will enable the Company's objectives and goals to be met;
- (b) evaluating information security and associated risk exposures;
- (c) evaluating regulatory compliance programmes with consultation from external legal counsel; and
- (d) evaluating the Company's preparedness in case of business interruption.

**Recommendation 7.4: Exposure to Risks**

The Company regularly undertakes reviews of risks that may be material to its business. The review examines the processes and procedures that are in place to continually manage existing risks and identifies new risks that have or may arise including the processes and procedures that the Company must initiate to control and/or mitigate these risks from impacting upon the performance of the Company.

**8. Remunerate Fairly and Responsibly**

**Recommendation 8.1: Remuneration Committee**

Due to the small size of the Board and the Company's current level of operations, the Company has not established a Remuneration Committee as a subcommittee of the Board. The Board is responsible for determining and reviewing the remuneration of the Directors, the Executive Chairman and the executive officers of the Company and reviewing the operation of the Company's Employee Option Plan. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. In making decisions regarding the appointment of Directors, the Board as a whole periodically assesses that an appropriate mix of skills and experience is represented on the Board.

It is the Company's objective to provide maximum shareholder benefit from the retention of high quality Board members having regard to the Company's level of operations and financial resources. Directors are remunerated with reference to market rates for comparable positions. Remuneration policies for each Non-Executive Director are disclosed in the Directors' Report that is set out in the Annual Report.

The Board may obtain information from, and consult with management and external advisers, as it considers appropriate.

**Recommendation 8.2: Remuneration of Executive and Non-Executive Directors**

The remuneration structure of Non-Executive Directors and executives is disclosed in the Directors' Report within the Annual Report. The remuneration of executives is dependent on the terms of the service agreement with those executives. The remuneration structure of Non-Executive Directors and executives is clearly distinguishable.

**Recommendation 8.3: Equity Based Remuneration**

The Company has a Share Trading Policy which can be found at the Company's website.

The Corporations Act prohibits the key management personnel of an ASX listed company established in Australia, or a closely related party of such personnel, from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.

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