



**ASPIRE MINING LIMITED**  
**ACN 122 417 243**  
**(Company)**

**CORPORATE GOVERNANCE STATEMENT**  
**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015**

This Corporate Governance Statement is current as at 30 June 2015 and has been approved by the Board of the Company on 3 September 2015.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2015, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

On 3 September 2015 the Board adopted a new Company Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties in-line with the Recommendations.

The Company's Corporate Governance Plan which includes the following charters and policies is available on the Company's website at [www.aspiremininglimited.com](http://www.aspiremininglimited.com):

- Board Charter
- Corporate Code of Conduct
- Audit and Risk Committee Charter
- Remuneration Committee Charter
- Nomination Committee Charter
- Disclosure - Performance Evaluation
- Disclosure - Continuous Disclosure
- Disclosure - Risk Management
- Trading Policy
- Shareholder Communications Strategy
- Diversity Policy
- Definition of Independence

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the

experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<p><b>Recommendation 1.1</b> A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	YES	<p>The Company operates under a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair, Committees, Company Secretary and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
<p><b>Recommendation 1.2</b> A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</li> <li>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.</li> </ul>	YES	<ul style="list-style-type: none"> <li>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director. No directors were appointed for the financial year ending 30 June 2015 and therefore no such checks were undertaken.</li> <li>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director. In accordance with its Constitution, the Company includes all material</li> </ul>

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		and relevant information in its Notice of Meeting for Directors who are nominated for re-election at its Annual General Meetings.
<p><b>Recommendation 1.3</b> A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	YES	The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. The Company has had written agreements with each of its Directors and senior executives for the past financial year.
<p><b>Recommendation 1.4</b> The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
<p><b>Recommendation 1.5</b> A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(i) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.</p>	NO	<p>(a) The Company's Diversity Policy requires the Board set measurable objectives to achieve gender diversity where it is appropriate based on the size, structure, and level of operations of the Company. The Diversity Policy outlines strategies to encourage the recruitment of women at Board and senior executive level. The Board will annually assess whether measurable diversity objectives are appropriate for the Company and the Company's progress in achieving them (if they exist).</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(c) The Board did not set measurable gender diversity objectives for the reporting period given the nature of the Company's current and planned activities over the foreseeable future. The Company will continue to review this position as its development plan is implemented. However, if it became necessary to appoint any new Directors and/or senior executives, the Board does not consider the application of a measurable gender diversity objective to unduly limit the Company from applying the Diversity Policy as a whole. The Diversity Policy includes strategies to encourage and seek women to fulfil a director and/or senior executive position notwithstanding the need to make an assessment based on relevant candidates skills and</p>

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		<p>merit.</p> <p>(i) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation at the end of the reporting period is as follows:</p> <ul style="list-style-type: none"> <li>• Board: 20% Female, 80% Male.</li> <li>• Senior Executives: 0% Female, 100% Male.</li> <li>• Employees: 47% Female, 53% Male.</li> </ul> <p>The Company considers senior executives to be its key management personnel (as defined in the Corporations Act).</p>
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p>	<p>(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company has completed performance evaluations in respect of the Board Committees and has determined that given the size of the Board, that separate Committees were not necessary and that the Board was capable of carrying out the role of the Audit/Risk, Nomination and Remuneration Committee itself.</p> <p>The Company has conducted an evaluation of its Board following the resignation of one of the directors during the reporting period and resolved that the size and structure was adequate given the Company's size, and level of activity. The Board includes persons with a mix of skill and industry experience including financial, accounting, geological and mining backgrounds.</p>

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		<p>No performance evaluation was undertaken with individual Directors during the reporting period on the basis that the Board believes the contribution of individual Directors continues to be effective given the nature of activities the Company is currently undertaking.</p>
<p><b>Recommendation 1.7</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p>	<p>(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company's Board and senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company has completed performance evaluations in respect of the Managing Director, being the only senior executive, during the reporting period in accordance with the applicable processes.</p>
<p><b>Principle 2: Structure the Board to add value</b></p>		
<p><b>Recommendation 2.1</b> The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that</p>	<p>YES</p>	<p>(a) The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Company had a Nomination Committee for the period 1 July 2014 until 27 January 2015, when one of its non-executive, independent directors resigned. The members of the Nomination Committee up until 27 January 2015, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Directors Report as part of the Annual Report.</p> <p>(b) The Company did not have a Nomination Committee for the remainder of the reporting period from 28 January 2015 as the Board</p>

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<p>fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge and diversity of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>did not consider the Company would benefit by a separate committee in light of the pre-existing skills and experience of the remaining Directors and the fact the Company did not intend appointing any new directors. In accordance with the Company's Board Charter, the Board carried out (and currently continues to carry out) the duties that would ordinarily be carried out by the Nomination Committee which includes processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p> <p>The collective experience and expertise of the Board is considered to be appropriate for the Company, at this stage, to carry out the functions of the nomination committee. Should the size of the Company change, the Board shall consider establishing a separate Nomination Committee.</p>
<p><b>Recommendation 2.2</b> A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	NO	<p>The Board includes persons with a mix of skill and industry experience including financial, accounting, geological and mining backgrounds.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise. Details as to each Director and senior executive's relevant experience are available in the Annual Report and on the Company's website.</p> <p>After the reporting period, the Company adopted and now disclose a Board skills matrix setting out the current mix of skills and those that it is looking to achieve in its membership. The Board skills matrix is included as Annexure 1 to this Corporate Governance Statement.</p>
<p><b>Recommendation 2.3</b> A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or</p>	YES	<p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Board considers the following Directors are independent: Mr David McSweeney, and Mr Sado Demchigsuren Turbat.</p> <p>(b) The Company does not consider Mr David Paull, Mr Neil Lithgow or Ms Hannah Badenach as an independent Directors:</p> <p>i) Mr David Paull is the Managing Director of the Company.</p>

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<p>relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director</p>		<p>ii) Mr Neil Lithgow is a substantial shareholder in the Company.</p> <p>iii) Ms Hannah Badenach is employed by Noble Resources Pte Limited which is a substantial shareholder in the Company and has material business contracts with the Company, and its subsidiaries.</p> <p>(c) The Company's Directors Report within the Annual Report discloses the appointment date of each Director and the date of resignation (if applicable).</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	NO	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>Half of the Board for the most of the reporting period to 28 January 2015 were independent. Following the resignation of one non executive and independent Director at that time, an independent majority was not met for the remainder of the reporting period as the Board considered its size and structure adequate to support the activities of the Company and not requiring to fill the position.</p>
<p><b>Recommendation 2.5</b></p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	YES	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the Managing Director.</p> <p>The Chair of the Company during the past financial year was an independent Director and was not the Managing Director.</p>
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.</p>	YES	<p>In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development. However, during the reporting period, the Board took the decision to restrict discretionary expenditure.</p>
<p><b>Principle 3: Act ethically and responsibly</b></p>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives</p>	YES	<p>(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p>

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<p>and employees; and</p> <p>(b) disclose that code or a summary of it.</p>		<p>(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.</p>
<b>Principle 4: Safeguard integrity in financial reporting</b>		
<p><b>Recommendation 4.1</b></p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• have an audit committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, who is not the Chair of the Board,</li> </ul> </li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <ul style="list-style-type: none"> <li>• if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	<p>YES</p>	<p>(a) The Company's Audit &amp; Risk Committee Charter provides for the creation of an Audit &amp; Risk Committee (if it is considered it will benefit the Company), with at least three non executive members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Company had an Audit &amp; Risk Committee for the period 1 July 2014 until 27 January 2015, when one of its non-executive, independent directors resigned. The members of the Audit &amp; Risk Committee up until 27 January 2015, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Directors Report as part of the Annual Report.</p> <p>(b) The Company did not have an Audit &amp; Risk Committee for the remainder of the reporting period from 28 January 2015 as the Board did not consider the Company would benefit by a separate committee in light of the pre-existing skills and experience of the remaining Directors and the fact the Company did not intend appointing any new directors. In accordance with the Company's Board Charter, the Board carried out (and currently continues to carry out) the duties that would ordinarily be carried out by the Audit &amp; Risk Committee which includes processes to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p> <p>The collective experience and expertise of the Board is considered to be appropriate for the Company, at this stage, to carry out the functions of the Audit &amp; Risk committee. Should the size of the Company change, the Board shall consider re-establishing a separate Audit &amp; Risk Committee.</p>
<p><b>Recommendation 4.2</b></p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and</p>	<p>NO</p>	<p>The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.</p>



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CFO a declaration that, in their opinion, 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 Company has obtained a sign off on these terms for each of December 2014 and June 2015 financial statements. The Company did not obtain sign offs on all ASX quarterly reports but is obtaining such sign offs for the June 2015 quarter and subsequent reporting periods.
<b>Recommendation 4.3</b> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.  The Company's external auditor attended the Company's last AGM during the past reporting period.
<b>Principle 5: Make timely and balanced disclosure</b>		
<b>Recommendation 5.1</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	YES	<ul style="list-style-type: none"> <li>(a) The Company has adopted a Continuous Disclosure Policy. In addition, the Corporate Governance Plan details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</li> <li>(b) The Corporate Governance Plan, which incorporates the Continuous Disclosure Policy is available on the Company's website.</li> </ul>
<b>Principle 6: Respect the rights of security holders</b>		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its operations can be found on the company's website which includes details on the Board, the Company's projects, investor information including historical share price information, corporate calendar, link to the Share Registry and forms, ASX announcements and reports.  Information on the Company's governance practices including the Corporate Governance Plan can be found under the tab called "Profile - Corporate Governance" on the Company's website.
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website

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		as part of the Company's Corporate Governance Plan.
<p><b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company as outlined within the Shareholder Communications Strategy. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting,
<p><b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Managing Director or the Company Secretary at first instance.</p>
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b> The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	YES	<p>(a) The Company's Audit &amp; Risk Committee Charter provides for the creation of an Audit &amp; Risk Committee (if it is considered it will benefit the Company), with at least three members all of which are non-executive, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>The Charter of the Audit and Risk Committee can be found within the Corporate Governance Plan which is located on the Company's website.</p> <p>The Company had an Audit &amp; Risk Committee for the period 1 July 2014 until 27 January 2015, when one of its independent directors resigned. The members of the Audit &amp; Risk Committee up until 27 January 2015, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Directors Report as part of the Annual Report.</p> <p>(b) The Company did not have an Audit &amp; Risk Committee for the</p>

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		<p>remainder of the reporting period from 28 January 2015 as the Board did not consider the Company would benefit by a separate committee in light of the pre-existing skills and experience of the remaining Directors and the fact the Company did not intend appointing any new directors. In accordance with the Company's Board Charter, the Board carried out (and currently continues to carry out) the duties that would ordinarily be carried out by the Audit &amp; Risk Committee which includes processes to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p> <p>The collective experience and expertise of the Board is considered to be appropriate for the Company, at this stage, to carry out the functions of the Audit &amp; Risk committee. Should the size of the Company change, the Board shall consider re-establishing a separate Audit &amp; Risk Committee.</p>
<p><b>Recommendation 7.2</b> The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>YES</p>	<p>(a) The Audit and Risk Committee Charter previously did not require that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound which the Company maintains a risk register for. The Board has adopted a revised Audit &amp; Risk Committee Charter that requires a review to take place at least annually to ensure that the Company's risk management framework is sound.</p> <p>(b) The Company's Board did complete a review of the Company's risk management framework in the past financial year. Further, political risk which is determined by the Board to be of considerable importance is a standing agenda item for updates at each Board meeting.</p>
<p><b>Recommendation 7.3</b> A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually</p>	<p>YES</p>	<p>(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee (or in its absence, the Board) to monitor the need for an internal audit function. The Company does not have an internal audit function as the Board does not believe that it would provide any benefit currently given the size, structure of the Company and nature of the current level of activities. The Board will review its</p>

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<p>improving the effectiveness of its risk management and internal control processes.</p>		<p>position as the Company's activities change.</p> <p>(b) The Company has adopted a Risk Mangement Policy which is provided within the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>The Company did not have an internal audit function for the past reporting period. Whilst the Audit &amp; Risk Committee Charter and Company's Risk Management Policy places responsibility of oveseeing the Company's risk management systems and practices it is the responsibility of Management for undertaking and assessing risk management and internal control effectiveness and to ensure that their respective staff are well informed of Company policy and procedures. The Company's Risk Mangement Policy is provided within the Company's Corporate Governance Plan which is available on the Company's website.</p>
<p><b>Recommendation 7.4</b> A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>YES</p>	<p>The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> <p>The Company identifies and manages material exposures to economic, environmental and social sustainability risks in a manner consistent with its Risk Matrix.</p> <p>The Company has identified the following categories of key risks as being specific risks that have the potential to have an adverse impact of the Company's operations: sovereign &amp; political risk, exploration, financing and funding, operational and development, infrastructure, title, environmental, insurance, litigation and compliance. A detailed overview of the risks facing the Company can be viewed in the Prospectus lodged with the Australian Securities Exchange on 30 April 2015.</p>

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		<p>These risks have the potential to have a significant adverse impact on the profitability and success of the Company's ability to develop the Ovoot Coking Coal Project, and the coal projects held within its 50% owned Ekhgoviin Chuluu Joint Venture.</p> <p>Specifically the Company addresses its environmental, economic, and social risks through the adoption of sound policy and procedure, insurance policies (where appropriate), and compliance to those and to the laws in each jurisdiction that the Company operates in order to keep and maintain its various licences and permits. The Company maintains its social licence to operate through the implementation of its various environmental and community programmes which include environmental rehabilitation, scholarships, and participation within its local communities where it can.</p>
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1</b> The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	YES	<p>(a) The Company's Remuneration Committee Charter provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Company had a Remuneration Committee for the period 1 July 2014 until 27 January 2015, when one of its non-executive, independent directors resigned. The members of the Remuneration Committee up until 27 January 2015, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Directors Report as part of the Annual Report.</p> <p>(b) The Company did not have a Remuneration Committee for the remainder of the reporting period from 28 January 2015 as the Board did not consider the Company would benefit by a separate committee in light of the pre-existing skills and experience of the remaining Directors and the fact the Company did not intend appointing any new directors. In accordance with the Company's Board Charter, the</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		<p>Board carried out (and currently continues to carry out) the duties that would ordinarily be carried out by the Remuneration Committee which includes processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p> <p>The collective experience and expertise of the Board is considered to be appropriate for the Company, at this stage, to carry out the functions of the Remuneration Committee. Should the size of the Company change, the Board shall consider re-establishing a separate Remuneration Committee.</p>
<p><b>Recommendation 8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.</p>	<p>YES</p>	<p>The Remuneration Committee (or in its absence, the Board) is responsible for setting, reviewing and approving the remuneration of the Board and Management.</p> <p>The performance of the Company depends on the quality of its Directors and executives. The philosophy of the Company in determining remuneration levels is to:</p> <ul style="list-style-type: none"> <li>• Set competitive remuneration packages that attract and retain high calibre employees</li> <li>• Link executive rewards to shareholder value creation</li> <li>• Establish appropriate performance hurdles for variable executive remuneration.</li> </ul> <p>In accordance with best practice Corporate Governance and in line with the Recommendations 8.2, the structure of non-executive Director and executive remuneration is separate and distinct.</p> <p>In determining the appropriate remuneration package, the Remuneration Committee Charter allows for professional and expert advice to be sought if required.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>(a) The Company has a Performance Rights Plan in place which was re-approved by Shareholders in general Meeting on 2 June 2015. As part of its Trading Policy, the Company expressly prohibits Key Management Personnel to enter into transactions which hedge or otherwise act to limit the economic risk of participating in the equity-based remuneration which is meant to align the Company's management with long term value creation for shareholders.</p> <p>(b) A copy of the Trading Policy is provided within the Corporate Governance Plan which is available on the Company's website.</p>