

ASX Announcement 2 May 2017

Corporate Review Update and Management Changes

On 4 April 2017, Birimian Limited (ASX: BGS) (**Birimian and Company**) advised of its intention to undertake an internal review of the Company's activities (the **Review**) to ensure a strong foundation for future success.

The Review involved the engagement of legal, commercial and technical consultants and included a comprehensive analysis of the Company's governance practices and compliance with relevant legal, regulatory and ASX Listing Rule requirements.

Preliminary Findings of the Review

The Board is now in possession of the preliminary findings of the Review. Matters of material concern in respect of the past conduct of the Company have been identified, including:

- A range of serious corporate governance related issues that require further assessment including the failure to follow Company policies.
- Certain shares, options, performance rights, termination benefits and other payments issued or paid to related parties of the Company (entities associated with certain former Directors) may have been improperly granted or paid, and/or the terms of options and/or performance rights improperly varied. The Company has written to certain former Directors, informing them of this and seeking further information ahead of the Company making a final determination on the issues.
- Potential liabilities exist relating to the non-payment or underpayment of taxes and other obligatory amounts. The exact quantum of any potential liability has not been established, however preliminary estimations suggest it may be in the order of \$1.5 million. Work is ongoing to establish any potential liability and the remedial action required.
- Potential disclosure issues including disclosure of related party transactions (contracts, payments and security issues) including as they appear in financial statements, employee share scheme filings and other filing and disclosure obligations (including prospectus and notice of meeting disclosure), including as to issues of, and variations to the terms of, securities.

- Failure to announce the terms of the managing director's successive employment contracts.

Board and Management Changes

Kevin Joyce, the Company's managing director has resigned from the Company. Mr Joyce's resignation has been accepted and is effective immediately. The Board has extended an offer to engage Mr Joyce as a technical consultant for its projects in Mali and is pleased to advise Mr Joyce has expressed his willingness undertake such a role. The actual terms of this engagement are yet to be determined.

The Board is pleased to announce that Greg Walker has been appointed as acting Chief Executive Officer and an Executive Director of the Company, effective immediately. The terms of Mr Walker's contract with the Company are detailed in the annexure to this announcement.

Mr Walker has extensive senior management experience in the resources sector, including industry-government relations, strategic analysis and planning, change management, institutional fundraising and commodity sales. He has worked for more than 35 years in the mining industry, including 18 years with Rio Tinto Limited. Mr Walker has a deep understanding of operating in Africa, having been based in Angola, South Africa, Zambia and Malawi. He has been responsible for government relations in Namibia, Malawi and Niger in West Africa and was founding chairman of the Australia-Africa Minerals & Energy Group (AAMEG), the peak body representing Australian companies engaged in development of Africa's resource industry.

The Board will commence an executive search for a managing director. The Board also recognises the need to add an appropriately qualified technical director to augment its skill base as it continues to evaluate its projects and progress the technical and regulatory aspects of the development of Bougouni.

Birimian's Board of Directors now comprises the following:

- Chairman: James McKay (appointed 22 March 2017)
- Executive Director: Greg Walker (appointed 30 April 2017)
- Non-Executive Director: Gillian Swaby (appointed 26 April 2017)

Prior to her appointment to the Board on 26 April 2017, Gillian Swaby was consulting to the Company. Since her appointment, Ms Swaby continues to consult to the Company on a part-time basis and the terms of that consultancy are detailed in the annexure to this announcement.

Since the Company has received the Review, the duties which James McKay is currently performing are those of an executive chairman on a part-time basis and so the terms of his engagement are detailed in the annexure to this announcement.

The Company's Country Manager in Mali, Sidi Haidara, recently renewed his contract for a further two years and continues to lead Birimian's geological team and work program there.

Future Actions

The Board intends to further investigate the issues identified in the Review and will take the appropriate steps to rectify these issues and protect the interests of Birimian shareholders. Stronger governance procedures are being implemented as a matter of priority.

The key aspects of the Pre-Feasibility Study of the Bougouni Lithium Project will continue as planned, including the incorporation of the results of the second phase 11,000 metre drilling program into an updated resource estimate.

New drilling results from the Bougouni lithium project and the Koting Prospect at the Massigui Gold Project are expected in the coming weeks.

The Board also intends to appoint a suitably-qualified and experienced lithium marketing consultant.

Suspension

As a matter of priority, Birimian is currently further assessing the impact arising from the matters raised in this announcement on its capital and accounts. The Company will not apply for the lifting of the suspension of its securities from trading until the Board is in a position to provide shareholders with more information.

Chairman's Comment

The Company's Chairman, Mr James McKay, said he believed the changes to the Company's Board were necessary and would establish a strong foundation for Birimian's future.

"The preliminary findings of the Review have identified several serious matters, however the Board is confident these issues can be resolved and we are committed to implementing strong governance processes for the benefit of all the Company's stakeholders. The skill sets now represented on the Board are reflective of the Company's current priorities."

"We have excellent underlying assets in Mali at our Bougouni Lithium Project and gold properties. The quality and strategic value of these projects have not changed and we look forward to building on the strong technical work completed on these projects to date."

"The Company is in a very strong financial position with A\$7 million in cash and the capacity to continue to fund its activities including its current work program."

"The Board believes Birimian has very significant potential, but needs a clear and well-articulated strategy to address key project risks and provide the market with confidence in the Company's future. The Board is committed to developing such a strategy and working towards commercialisation of Bougouni, as well as our significant gold assets."

James McKay
Chairman

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ANNEXURE

Mr James McKay

Mr James McKay is currently performing the role of an executive chairman during this period of post the Review.

The Company has agreed to the following:

- (a) to pay Mr McKay a day rate of \$1,500 per day (less tax); and
- (b) the engagement being terminable at will once the requirements being placed upon the chairman are consistent with those of a non-executive chairman.

Mr Greg Walker

Mr Greg Walker has been engaged to act as Chief Executive Officer of the Company on an interim basis.

The terms of engagement are:

- (a) the amount of \$1,500 (plus GST and on-costs) per day, such amount will be reviewed annually;
- (b) Mr Walker is responsible for withholding, paying and reporting any and all required taxes. The engagement is not necessarily full-time;
- (c) the Company will also reimburse Mr Walker on a monthly basis for reasonable expenses and costs incurred by the Consultant in the provision of services; and
- (d) the engagement is terminable on one month's notice from either party.

Ms Gillian Swaby

Ms Gillian Swaby provides consulting services to the Company through her consulting company, Strategic Consultants Pty Ltd (Strategic).

Strategic's engagement occurred prior to Ms Swaby being appointed to the Board and was on the following terms:

- (a) \$2,000 per day (plus GST); and
- (b) terminable at will by either party.

It is intended to maintain this arrangement for so long as Ms Swaby acts in an executive capacity.

If you have any queries, please contact the Chairman, Mr James McKay on +61 8 9286 3045

Additional information may also be viewed on Birimian Limited's website at www.birimian.com.