



BOUNTY MINING LIMITED and its Controlled Entities  
A B N 19 107 411 067

APPENDIX 4G  
CORPORATE GOVERNANCE STATEMENT  
for the year ended  
30 June 2015

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Bounty Mining Limited

ABN / ARBN:

19 107 411 067

Financial year ended:

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

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<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

- ☐ These pages of our annual report:
- ☒ This URL on our website: <http://www.bounty.com.au/investor-centre/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 29 September 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 29 September 2015

Name of Director or Secretary authorising  
lodgement:

Eryl Baron, Company Secretary

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes “**OR**” at the end of the selection and you delete the other options, you can also, if you wish, delete the “**OR**” at the end of the selection.

<sup>4</sup> If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>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>(1) 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>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> <b>at Annexure B to the Corporate Government Statement</b></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<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>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>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>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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 fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> <b>at Annexure A to the Corporate Governance Statement</b></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (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 relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) 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</p> <p>(b) 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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> <b>at Annexure C to the Corporate Governance Statement</b></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<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 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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.bounty.com.au/investor-centre/">http://www.bounty.com.au/investor-centre/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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 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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> <b>at Annexure C to the Corporate Governance Statement</b></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>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>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>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 improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>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>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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 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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <b>Annexure A to this Corporate Governance Statement</b></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	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>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>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>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES N/A</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



The Board of Directors is responsible for the corporate governance of Bounty Mining Limited ("the Company"), and aims for high standards of corporate governance. Given the size and nature of the Company, the Board considers that the Company follows as far as possible the spirit and intentions of the ASX Corporate Governance Council's Principles and Recommendations. The Company's policies are summarised below. Specific areas where the recommended practices are not followed are described below, and summarised at the conclusion of the report.

References to Principles and Recommendations are references to the second edition of the ASX Corporate Governance Council's Principles and Recommendations ("the ASX Principles").

### **PRINCIPLE 1: Lay solid foundations for management and oversight**

#### **The role of the Board**

The primary role of the Board of Directors of Bounty is the protection and enhancement of shareholder wealth. The Board is responsible for:

- setting strategic direction;
- appointing the chief executive officer or equivalent;
- ensuring that the management team is appropriately qualified and experienced to discharge its responsibilities;
- establishing goals for management, and monitoring the achievement of these goals;
- ensuring that the Company has an appropriate risk management framework and setting the risk appetite for the Company;
- reviewing the effectiveness of risk management, control and governance processes;
- ensuring appropriate resources are available to senior executives;
- approving the Company's remuneration policies;
- overseeing the integrity of the Company's accounting and corporate reporting systems;
- overseeing the Company's process for ensuring timely, accurate and balanced disclosure in relation to the Company; and
- Approving operating budgets and material capital expenditure.

In circumstances where a company approaches potential insolvency the Board also has a duty to protect the rights of creditors. This duty takes precedence over the duty owed towards shareholders but is not inconsistent with the primary role and duty.

The Board typically meets monthly and holds additional meetings when necessary to address specific matters that arise. In between meetings, decisions may be adopted by way of circular resolution. Day to day management of the Bounty Group affairs and the implementation of the corporate strategy and



policy initiatives are formally delegated by the Board to the chief executive and management of Bounty.

### **The role of the Chairman**

The Chairman is responsible for:

- leading the Board of Directors;
- ensuring directors are properly briefed in all matters relevant to their role and responsibilities;
- facilitating board discussions;
- establishing an appropriate board structure and committees to meet the needs of the Company;
- ensuring adequate board performance measures are in place and regular reviews are undertaken with individual directors and the CEO; and
- managing the Board's relationship with shareholders and with the Company's senior executives.

### **The role of the Chief Executive Officer ("CEO") and Management**

The CEO / Management are responsible for:

- implementing company strategies to achieve objectives within the Board's stated risk appetite;
- managing the business of the Company;
- complying with company policies, contractual obligations and regulatory requirements;
- forecasting and reporting progress; and
- formally reviewing the performance of senior executives having regard to the views of the Board.

Gary Cochrane is both Chairman and CEO.

### **Nomination and Appointment of Directors**

No directors have been nominated, appointed or elected during the period. The Company has established a robust process for identifying and appointing new directors with regard to the Skills Matrix, and with providing shareholders with optimum information for electing and re-electing directors. This process is summarised in the Remuneration & Nominations Committee Charter which is found at **Annexure A** to this document.

Bounty has written agreements in place with each director and senior executive setting out the terms of their appointment.

### **Role of the Company Secretary**

The company secretary of Bounty is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. Each director is able to communicate directly with the company secretary. The role of the company secretary includes:



- advising the board and its committees on governance matters;
- co-ordinating the distribution of board papers, attending board and committee meetings and ensuring that proceedings are accurately captured in the minutes.

### **Diversity Policy**

The Company recognises the benefits arising from employee and board diversity, including accessing different perspectives and ideas and benefitting from a greater pool of talent.

In 2011 the Board formally adopted a Diversity Policy, a copy of which is available on the Bounty website. The Company has a policy not to discriminate on the basis of gender, age, religion or disability.

Factors such as gender, race, age or disability are irrelevant and are not taken into account when making employment decisions. In all cases, the person most suited to the position is selected based on their skills and qualifications without bias or prejudice.

Consistent with Bounty's policy of non-discrimination, the Board has chosen not to set, and therefore not to report, specific measurable targets for gender diversity. However, the outcomes of this policy at all reporting levels at 30 June 2014 were:

Board	33% female
Senior executives	50% female

The Chairman and CEO roles are combined and are counted twice, once as a board member and once as an executive.

The Company's diversity policy is located as **Annexure B** to this document.

The Company is not a "relevant employer" under the Workplace Equality Act.

### **Evaluation and Review of Board Performance**

The Chairman introduced a formal board appraisal system in 2011. The performance of individual directors is reviewed by the Chairman in a series of one-on-one meetings. The performance of the Board as a whole and of the Chairman is reviewed by all directors and the Board's direct reports. Analysis of the review may identify opportunities for improvement and actions.

In August 2014 the Chairman had performance discussions with the independent directors during which standards of conduct, levels of availability and inputs to both the board and the fund-raising processes were discussed.





### **Evaluation and Review of Senior Executives**

The performance of the CEO is periodically reviewed by the Independent Directors. The remaining employees and contractors had their performance reviewed in February 2015. The results of those reviews formed the basis of the Board's recommendation on short-term incentive payments in the form of equity grants approved by shareholders in April 2015. No cash bonuses were paid during or in respect of the period, and the equity grants have been deferred.

A formal review process is planned for October 2015.

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

### **Board Meetings**

The Board typically meets monthly and holds additional meetings when necessary to address specific matters that arise. In between meetings, decisions may be adopted by way of circular resolution. The Board attempts to hold at least two meetings per year at the operations' sites. This adds to the Directors' understanding of the operations and the company culture.

The CEO attends scheduled Board meetings and reports on safety and environmental matters, business development, and operational performance.

The Chief Financial Officer attends scheduled Board meetings, presents the monthly financial report, and answers questions from the Directors on financial performance, accounting, risk management and treasury. Information about meetings held during the Financial Year 2015 is as follows:

Board Meetings during Financial Year 2015		
Director	Held	Attended
Gary Cochrane	16	16
Julie Garland McLellan	16	16
Rob Stewart	16	16

### **Remuneration and Nomination Committee**

The Board has established a Remuneration and Nomination Committee. The Committee's charter sets out the objectives, responsibilities and administration of the Committee. The charter is at Annexure A to this document.

The objectives of the Committee are to assist the Board to discharge its corporate governance responsibilities to exercise due care and diligence and skill in:

- Recruitment and selection of board members and Chief Executive Officer;
- Setting key performance areas for the CEO and the regular review of CEO performance;
- Setting remuneration and benefits for executive and staff;
- Setting board remuneration and benefits; and



## BOUNTY MINING LIMITED : Corporate Governance Statement

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- Compliance with laws and regulations in relation to employment.

Principle 2.1 of the ASXCGRP recommends that the Nomination Committee includes at least 3 members, the majority of whom are independent directors.

The directors have determined that it is appropriate for the committee to consist solely of the two independent directors.

Membership of the Committee is currently as follows:

Rob Stewart (chair) (independent non-executive director)

Julie Garland McLellan (independent non-executive director)

The Committee met on two occasions during the Financial Year.

### **Appointment and retirement of directors**

The procedures for election and retirement of directors are governed by the Constitution of Bounty.

The composition of the Board is determined using the following principles:

- The Board shall comprise a majority of independent non-executive directors;
- Non-executive directors should have no management role within Bounty, but particular skills may be utilised from time to time in an advisory capacity;
- The Board shall comprise directors with a range of experience encompassing the current and proposed activities of Bounty;
- The Board recognises the value of diversity including age, gender, race, disability etc. in structuring the Board.
- Where a vacancy exists, the Committee will select an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Bounty Group. Such appointments will be referred to shareholders for re-election at the next annual general meeting; and
- All directors are subject to re-election by shareholders at least every three years.

The current directors have served on the board since the date of their initial appointment:

Name of Director	Date of initial appointment
Gary Cochrane	27 November 2007
Julie Garland McLellan	4 April 2008
Rob Stewart	17 September 2009



### **Bounty Board Skills Matrix 2015**

Bounty Mining faces risks in pursuing its strategy and has elected to assess the skills of its board against a matrix comprised of the skills, knowledge and experience required to successfully address these risks. Information on these specific risks is contained in Bounty Mining's Risk Disclosure Statement available on the Company's website.

Where the skill is formally certified by an accredited education provider it will be noted in column one 'Formal qualifications'. Where the skill is gained from experience which is demonstrated on the director's CV or life history it is shown in column two 'CV Experience'.

Key – GC – Gary Cochrane, Executive chairman  
 RS – Rob Stewart, Non-executive Director  
 JG – Julie Garland McLellan, Non-executive Director

Skill, knowledge or experience	Formally accredited	Demonstrated by CV or experience
Project Development	GC, RS, JG	GC, RS, JG
Finance Management	GC, RS, JG	GC, RS, JG
Planning & approvals	GC	GC, RS
Land access, native title, cultural heritage and ILUA management	-	GC, RS
Environmental impact assessment and mitigation	JG, RS, GC	JG, RS, GC
Political and government liaison	GC	GC, RS
Mineral resource estimation, delineation and inference, mine planning, Coal Quality analysis	GC, RS	GC, RS
Joint venture development and management	GC, RS, JG	GC, RS, JG
Investor relations and share register management	JG	GC, RS, JG
Coal commercialisation and offtake agreements	--	GC, RS
Recruitment, retention and contracting of skilled labour	RS, GC	GC, RS
Corporate governance and listed company regulations	JG,RS	JG, GC, RS
Corporate Fund Raising and Financial Support	GC, JG	GC



The Board also accesses a qualified company secretary, qualified consultants and Traditional Owners when it needs further expertise or assistance. All directors are members of the Australian Institute of Company Directors. Directors are also encouraged to undertake continuing education and education relevant to the discharge of their obligations as directors of the Company.

### **Composition of the Board**

Julie Garland McLellan and Rob Stewart are independent non-executive directors. Gary Cochrane is a non-independent executive director.

### **Independent Directors**

The Board has accepted the following definition of an independent director. An independent director is a non-executive director who is not a member of management, and who:

- Is not a substantial shareholder (under the meaning of Corporations Act 2001) of Bounty or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of Bounty;
- Has not within the last three years been employed in an executive capacity by Bounty or another group member, or been a director after ceasing to hold any such employment;
- Is not a principal of a professional adviser to Bounty or another group member;
- Is not a significant consultant, supplier or customer of Bounty or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- Has no significant contractual relationship with Bounty or another group member other than as a director of Bounty; and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Bounty.

Chairman Gary Cochrane is the Chief Executive Officer. Since 30 September 2009, a company associated with Chairman Gary Cochrane, VETL Pty Ltd ("VETL"), has also been the principal lender to the Company, following the assignment of the Company's loan facility and associated charges from Westpac bank to VETL, and the further lending by VETL to Bounty of net \$6.7m including the injection of funds and the capitalisation of interest. Following the conversion of \$5m of the loan to equity in June 2014 and the accrual of further interest to December 2014, the loan now stands at \$2.9m. A company associated with Mr. Cochrane also holds approximately 34% of the shares of Bounty. Mr. Cochrane is therefore not considered to be an independent director.



Bounty therefore has not followed Recommendation 2.5 that 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.

The Board of Bounty considers that the current situation is appropriate to a company in Bounty's circumstances. The Directors strictly monitor all potential conflicts of interest. Mr Cochrane is only permitted to participate in discussions and votes where he has a material personal interest if this has been approved in his absence by a resolution of the other directors.

#### **Independent Professional Advice and Access to Company Information**

Each director has the right of access to all relevant Bounty Group information and Bounty's executives. Directors may seek independent professional advice, subject to agreement by the Chairman, at Bounty's expense. A copy of advice received by any director is to be made available to all other members of the Board.

The Company has established a program for inducting new directors. On an on-going basis directors are provided with information on matters which are considered may impact the operations of the Company.

### **PRINCIPLE 3: Act Ethically and Responsibly**

#### **Code of Conduct**

The Board supports high standards of corporate governance. Bounty has established a Code of Conduct which requires board members and staff to act with integrity and objectivity in relation to:

- Compliance with the law;
- Record keeping;
- Confidentiality;
- Professional conduct;
- Dealing with suppliers, advisers and regulators; and
- Dealing with the community and employees.

Directors and senior executives are subject to further requirements as follows:

#### **Conflict of Interest**

In accordance with the Corporations Act 2001 and Bounty's Constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of Bounty. The Board has processes for registering conflicts of interest at all Board and committee meetings and for managing conflicts by maintaining confidentiality of discussions and excluding conflicted directors or staff from discussions or decisions as appropriate.



### **Dealings in Bounty Shares**

The Constitution permits directors, officers and employees to acquire shares in Bounty. Company policy prohibits directors, officers and employees from dealing in Bounty shares whilst in possession of price sensitive information or during certain periods of activity. The policy also addresses short-term dealings, margin loans and similar transactions. The Company's policy is available at **Annexure E** of this document.

### **Directors' and officers' duties**

- To act honestly, in good faith and in the best interest of the Company as a whole at all times;
- To use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- To use the powers of the office for a proper purpose;
- To recognise that primary responsibility is to the Company's members as a whole, but where appropriate to have regard for the interests of all stakeholders;
- To refrain from making improper use of information acquired as a director;
- Not to allow personal interest, or the interest of any associated person, to conflict with the interests of the Company;
- To be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board;
- To maintain the confidentiality of information received in the course of the exercise of duties;
- Not to engage in conduct likely to bring discredit upon the Company; and
- To comply, at all times, with the spirit as well as the letter of the law and with the principles of this Code.

## **PRINCIPLE 4: Safeguard integrity in financial reporting**

### **Audit and Risk Committee**

The Company has an Audit and Risk Committee.

The Committee charter sets out the Committee's role and responsibilities, composition, structure and membership requirements, and the procedures for inviting non-committee members to attend meetings. The charter is attached as **Annexure C** to this document.

The Committee reports to the Board on all matters relevant to its role and responsibilities. The Committee has a schedule of meetings for the year which aligns with scheduled financial reporting requirements for the audit function of the Committee, but also meets at least once a year to specifically monitor and assess the risk management framework and may also meet from time to time as required.



## BOUNTY MINING LIMITED : Corporate Governance Statement

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Committee membership is based on the following principles:

- The Committee consists of all independent non-executive board members;
- The Chairman of the Committee is independent, and is not the Chairman of the Board; and
- All members are financially literate, and have an understanding of the industry in which the Company operates.

Executive director Gary Cochrane attends meetings on the invitation of the Committee where the Committee members consider that there is no conflict of interest.

The ASXCGR&P recommends that the Committee should have at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors.

The directors have determined that it is appropriate for the committee to consist solely of the two independent directors.

Membership of the Committee is currently as follows:

Julie Garland McLellan (Chair) (independent non-executive director)  
Rob Stewart (independent non-executive director)

Details of attendance at Committee meetings are as follows:

Audit and Risk Committee meetings		
Director	Held	Attended
Julie Garland McLellan	3	2
Rob Stewart	3	3

### **Financial Reporting**

Monthly actual results are reported and reviewed by the Board. The Bounty Group reports its financial performance to shareholders half-yearly, and reports a statement of cashflows quarterly, via the Australian Securities Exchange platform. The Committee reviews the integrity of the Company's financial reporting.

### **Certification of Financial Reports**

The Chief Executive Officer and the Chief Financial Officer certify to the Board, for the purpose of S295A of the Corporations Act, each reporting period that:

The Company's financial records have been maintained in accordance with s286 of the Corporations Act 2001 ("the Act");



- The Company's financial reports comply with accounting standards as required by s296 of the Act, and give a true and fair view of the Company's financial position;
- The certification is based on a sound system of risk management and internal controls; and
- Those risk management systems and internal controls are operating efficiently and effectively.

#### **External Auditors**

The external auditors of Bounty have access to the Directors at all times. The external auditors attend each Annual General Meeting of the Company.

The nomination of external auditors is the annual responsibility of the Board.

The Board maintains an effective internal control framework to safeguard the Bounty Group's assets, maintain proper accounting records and ensure the reliability of financial information compiled by Bounty.

#### **Audit Independence**

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is included in the Annual Report for the year ended 30 June 2015. The Committee oversees the independence of the external auditors.

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

The Board aims to ensure that shareholders are at all times fully informed in accordance with the spirit and letter of the Australian Securities Exchange's continuous disclosure requirements.

#### **Continuous Disclosure**

In accordance with ASX Listing Rules 3.1, the Company has adopted the following practices and procedures for ensuring continuous disclosure to the market:

- At the time of induction, employees and key consultants are informed of the Company's policies and practices and obligations for continuous disclosure;
- All information, including material events and milestones, that can materially impact the share price of the Company must be brought to the attention of a director or the Company Secretary;
- Once a matter is identified as requiring announcement to ASX, the Company Secretary or delegated party prepares the announcement for the consideration of the full Board;
- The Board reviews the draft and ascertains from management that the announcement is based on fact and not misleading;
- The Board, or if the Board cannot be assembled in time, the Chairman, authorises the release the announcement to the market. All announcements are posted on the Company's web-site at [www.bounty.com.au](http://www.bounty.com.au);





- All external queries and comment in relation to an announcement are directed to the Chairman for response if appropriate.

Time is of the essence in respect to these matters.

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

The Board respects the rights of security holders by:

- Communicating effectively with them;
- Giving them ready access to balanced and understandable information about the Company and corporate proposals; and
- Making it easy for them to participate in general meetings.

Information is communicated to shareholders as follows:

- Publicly released documents and general information about the Company are made available on the Company's internet website at [www.bounty.com.au](http://www.bounty.com.au). The web site is reviewed regularly to ensure information is up to date and accurate;
- The annual report is distributed to those shareholders requesting a hard copy. The report is available electronically on the Company's web-site. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- The half-year report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act 2001. It is reviewed by the Company's auditors, and is lodged with the Australian Securities and Investments Commission and the ASX. The financial report is sent to any shareholder who requests it; and
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.

The Company does not have a formal investor relations program. However the culture of the board encourages 2-way contact with shareholders.

The Company's website has a phone number with which to contact the Company, and the Company's Secretary's email address is displayed on all communications with shareholders.



The Board encourages full participation by shareholders at and after the Annual General Meeting, and any other General Meetings held, to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. The Company's auditors are invited to attend each AGM, and shareholders are invited to ask questions of the auditors and directors. Important issues are presented to the shareholders as single resolutions. The Chairman is in frequent contact with major shareholders and attends industry events at which shareholders are welcome to initiate contact.

The Shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

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

#### **Risk Management and internal control system**

The Board has established a system of risk oversight and management and internal control. The Board monitors areas of operational and financial risk, and considers strategies for appropriate risk management. The Board will draw on the expertise of senior executives, key supervisory staff and, where appropriate, external consultants to assist in dealing with or mitigating areas of risk which are identified. In the FY15 period the Company has been in a development and capital raising phase and as such much of the operational risks have been appropriately delegated to contractors.

Given the importance of the Wongai project to Bounty the strategic and financial risks have been discussed at board level in greater detail than at committee level. As the Company is in a development phase and as the risks are continually changing, the Directors consider it appropriate that the whole board and management regularly review the risks in the context of the board meetings.

The board has developed a Risk Management Plan using the guidelines published in Australian/New Zealand Standard AS/NZ ISO 31000:2009 Risk Management Principle and Guidelines, to manage the Company's material business risks and report to the Board on the management of those risks. The Plan was designed by the management team, with input from the Audit and Risk Committee and the Board.

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems.

The Company has an Audit and Risk Committee. The Committee charter sets out the Committee's role and responsibilities, composition, structure and membership requirements, and the procedures



for inviting non-committee members to attend meetings. The charter is attached as **Annexure C** to this document.

Committee membership is based on the following principles:

- The Committee consists of all independent non-executive board members;
- The Chairman of the Committee is independent, and is not the Chairman of the Board; and
- Executive director Gary Cochrane attends meetings on the invitation of the Committee where the Committee members consider that there is no conflict of interest.

The Company's Risk Management Framework was reviewed in detail in June to July 2014. Based on that review a statement with detailed consideration of the risk factors was included in the Prospectus lodged in August 2014.

The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the consolidated entity's business objectives. Control procedures cover management accounting, financial reporting, project appraisal, environment, IT security, compliance and other risk management issues.

At **Annexure D** to this document, the Risk Disclosure Statement, the Environmental, Economic and Social Sustainability risks are discussed together with a brief consideration of how the company intends to manage those risks. The ability to manage such risks is a source of competitive advantage.

The Company's main areas of general risk include:

- contract performance;
- occupational health & safety;
- equipment reliability;
- market conditions;
- economic risks;
- general operating risks;
- environmental risks;
- human resources including access to skilled labour;
- funding of ongoing capital requirements;
- access to finance for equipment replacement and fleet growth; and
- commodity price and exchange rate risks;



### **Identification and Management of Risk**

The Board and management's collective experience enables accurate identification of the principal risks which may affect the Company's business. Management of these risks is discussed by the Board periodically at board meetings and strategic planning meetings. In addition, key operational risks and their management are recurring items for deliberation at board meetings.

### **Internal Audit**

The Company does not have an internal audit function. The role of an internal audit function is to independently review the effectiveness of risk management, control and governance processes. Given the size of Bounty, the Company does not have an internal audit function because it considers it more effective that the full Board carry out these specific functions.

The Board has ensured appropriate segregation of duties. The Audit and Risk committee regularly engage in wide ranging discussions with the external auditors to seek their opinion on additional sources of risk and implements strategies to monitor and manage these. Over the past year there has been an increased focus on IT risk.

### **Compliance with customers' systems**

When mining at our customers' sites, in addition to complying with its own risk management systems, Bounty may be required to comply with the customer's risk management and safety systems and procedures.

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

### **Remuneration and Nomination Committee**

The Board has established a Remuneration and Nomination Committee. The Committee's charter sets out the objectives, responsibilities and administration of the Committee. The charter is at **Annexure A** to this document.

The objectives of the Committee are to assist the Board to discharge its corporate governance responsibilities to exercise due care and diligence and skill in:

- Recruitment and selection of board members and Chief Executive Officer;
- Setting key performance areas for the CEO and the regular review of CEO performance;
- Setting remuneration and benefits for executive and staff;
- Setting board remuneration and benefits; and
- Compliance with laws and regulations in relation to employment.



## BOUNTY MINING LIMITED : Corporate Governance Statement

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The ASXCGR&P recommends that the Committee should have at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors.

The directors have determined that it is appropriate for the committee to consist solely of the two independent directors.

Membership of the Committee is currently as follows:

Rob Stewart (chair) (independent non-executive director)

Julie Garland McLellan (independent non-executive director)

Details of attendance at Committee meetings during the year are as follows:

Remuneration and Nomination Committee		
Director	Held	Attended
Julie Garland McLellan	2	2
Rob Stewart	2	2

The remuneration of any executive director will be decided by the Committee without the affected executive director participating in that decision making process. Any equity based remuneration for executive and non-executive directors will only be made with the prior approval of shareholders in general meeting.

The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Company's Constitution, and the Corporations Act as applicable. The apportionment of non-executive director remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive director. A total fee available for non-executive directors is currently set at \$300,000 per annum, excluding superannuation.

When setting fees and other compensation for non-executive directors, the Board will seek independent advice and apply Australian and International benchmarks. The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Bounty has established an equity-based remuneration scheme under which key employees and contractors may be rewarded with equity in the Company. Non-executive directors are not invited to



## BOUNTY MINING LIMITED : Corporate Governance Statement

participate in equity-based remuneration schemes. No securities have been issued under this scheme during the 2015 financial year or subsequent to that date.

### **Margin loans or similar funding arrangements**

During FY2015 the previous version of this policy required Directors to notify the Company of any financial arrangements, including but not limited to, margin loans, hedges, granting of security or liens, etc. that may trigger a sales of their shares, options or derivatives. Entering into such arrangements was strongly discouraged.

Following the annual review of this policy by the Board, from 1 July 2015 the policy has been reissued and includes the following:

- No person covered by this policy must enter into any margin loan or similar funding arrangement in relation to the Company's securities.
- Where margin loans or similar funding arrangement are already in place at the date of this re-issued policy, the Company Secretary must be notified immediately as to the existence of the arrangement, the terms of the arrangement, the number of securities affected and any other relevant information.

No such arrangements have been notified to the Company Secretary.

Bounty's Securities Trading Policy is located at **Annexure E** to this document.

### **Summary:**

Bounty has chosen to follow the ASX Corporate Governance Principles and Recommendations except as follows, for the reasons given in the relevant section above:

Principle	Description	Reason for not following:
1.5	Diversity policy – requirement to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them. Also to report against the objectives.	Consistent with Bounty's policy of non-discrimination the Board has chosen not to set and therefore not to report, specific measurable for gender diversity.
2.5	The Chairman of the board should be an independent director and should not also be the CEO.	Gary Cochrane is not considered an independent director
2.1(a)(1)	Nomination & Remuneration committee to have at least 3 directors, a majority of whom are	The directors consider it appropriate that the executive director is not a



## **BOUNTY MINING LIMITED : Corporate Governance Statement**

	independent.	member of this committee The committee is therefore made up of the 2 independent directors.
4.1(a)(1)	Audit committee to have at least 3 directors, a majority of whom are independent.	The directors consider it appropriate that the executive director is not a member of this committee The committee is therefore made up of the 2 independent directors.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The directors consider that a formal investor relations program is not appropriate for Bounty due to its closely held register.



## **Bounty Mining Limited: Remuneration and Nominations Committee Charter**

### **Annexure A to the Corporate Governance Statement**

#### **CONSTITUTION**

The Remuneration and Nominations Committee has been established by resolution of the Board. This document sets out the objectives, responsibilities and administration of the Committee.

#### **OBJECTIVES**

The objectives of the Remuneration and Nominations Committee are to assist the Board to discharge its corporate governance responsibilities to exercise due care and diligence and skill in:

- recruitment and selection of Board members and Chief Executive Officer
- setting key performance areas for the CEO and the regular review of CEO performance
- setting remuneration and benefits for executive and staff
- setting Board remuneration and benefits;
- compliance with laws and regulations in relation to employment.

#### **AUTHORITY**

The Remuneration and Nominations Committee is authorised by the Board to investigate any matter within its charter.

The Committee has authority to seek any information it requires from employees and external parties, to obtain outside legal or other professional advice with the prior approval of the company Chairman and to require the attendance of company officers at meetings as appropriate.

The Committee is required to make recommendations to the Board on all matters associated with its charter.

#### **MEMBERSHIP**

Membership of the Audit Committee is:

- At least two (2) Non-executive Directors
- Majority of members are independent

#### **CHAIRMAN**

The Board shall nominate the Chairman of the Committee.

#### **SECRETARY**

The Company Secretary shall be the Secretary of the Committee.





## **Bounty Mining Limited: Remuneration and Nominations Committee Charter**

### **OTHER ATTENDEES**

The Committee may invite members of Bounty's senior management or specialist advisors to be present for part or all of a meeting of the Committee; however such invitees will not be members of the committee.

### **QUORUM**

A quorum of the Committee shall be two members.

### **MEETINGS**

The Remuneration [and Nominations] Committee shall meet not less than twice a year.

### **REPORTING PROCEDURES**

The Committee shall keep minutes of its meetings. Minutes of meetings shall be recorded by the Secretary for comment and amendment before being signed by the Chairman of the Committee following which the Secretary shall circulate the minutes to Board members with papers for the next Board Meeting. The Chairman shall table the minutes and any recommendations of the Committee at the next Board meeting following the Committee meeting.

### **RESPONSIBILITIES**

The responsibilities of the Remuneration and Nominations Committee are as follows:

#### **1.0 Nominations**

- 1.1 organise the recruitment and selection of Board members and Chief Executive Officer and recommend appointees to the Board
- 1.2 undertake appropriate checks before putting forward a candidate for election as a director;
- 1.3 regularly review the independence of non-executive directors.
- 1.4 manage succession plans in relation to the CEO and senior management;

The procedure for recruitment, appointment, election, re-election and resignation of directors is set out in internal management documents.

#### **2.0 Remuneration**

- 2.1 recommend to the Board strategies for remuneration and benefits for the Chief Executive Officer and direct reports;
- 2.2 review the Key Performance Indicators for the Chief Executive Officer, at least annually;
- 2.3 review the performance of the Chief Executive Officer, at least six-monthly;
- 2.4 review and assess the alignment of executive and staff remuneration and benefits and human resource policies and procedures to Bounty's business objectives ;
- 2.5 review and assess the remuneration and benefit strategies which are recommended by the CEO for senior staff, to satisfy itself that these are appropriate for the position, are fair and reflect the



## **Bounty Mining Limited: Remuneration and Nominations Committee Charter**

contribution made to the business by the staff member and having regard to retention under current market conditions;

- 2.6 Review and confirm the methods used to assess staff performance, remuneration and associated benefits.

### **3.0 Compliance**

- 3.1 satisfy itself that effective systems of human resources, performance management and remuneration are established and maintained;
- 3.2 identify areas of risk in managing and remunerating employees, and assure itself that management are effectively controlling the risks;
- 3.3 require of management that there are processes in place to ensure compliance with the law, regulations and Board policy and that compliance is regularly reviewed and reported to the Board ;
- 3.4 monitor and review the extent to which the Board is meeting its obligations on remuneration and human resources matters.

### **4.0 Communication**

- 4.1 inform the Board of matters in relation to employment or remuneration that may have a significant influence upon Bounty's financial condition or affairs;
- 4.2 inform the Board of any issues which come to the attention of the Committee that may (or have) result in breach of the law, regulations or Board policy.

### **REVIEW OF CHARTER AND COMPOSITION**

The Board shall annually review the composition of the committee and approve any amendment to the Committee charter.



## **1 Introduction**

Bounty Mining Limited and its subsidiaries ("Bounty" or "The Company") are committed to workplace diversity. The Company recognises the benefits that may arise from employee, management and board diversity, including

- access to a broader pool of high quality employees;
- access to different perspectives and ideas;
- better understanding of customers and other stakeholders; and
- enhanced company reputation.

Diversity includes, but is not limited to, gender, age, ethnicity, marital status and cultural background.

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## **2 Objectives**

The Diversity Policy provides a framework for the Company to achieve:

- enhanced recruitment practices which will hire the best person for the job from a broad and diverse pool of talent; and
  - a diverse and skilled workforce leading to enhanced service delivery and achievement of corporate goals.
  - a work environment that values and utilises the contributions of employees diverse views, experiences and perspectives; and;
  - pay equity, ensuring equal pay for equal work across the workforce.
- 

## **3 Responsibilities**

Bounty's Board maintains oversight and responsibility for the Company's diversity policy, and has delegated responsibility for selection of directors and monitoring of remuneration equity to the Remuneration and Nominations Committee. The Committee is responsible for developing objectives and strategies to meet the objectives of the policy and monitoring the progress of the objectives.

Factors such as gender, race, age or disability are irrelevant and are not taken into account when making employment decisions. In all cases, the person most suited to the position is selected based on their skills and qualifications without bias or prejudice.

The Board acknowledges that when working as a contract miner for a client, it is required to be compliant with that client's workplace policies.

The Company's strategies to achieve diversity include:

- recruiting from a diverse pool of candidates for all positions, including senior management and the board; and
  - developing a culture which allows workplace flexibility that responds to varying domestic responsibilities of employees.
- 

## **4 Monitoring and Evaluation**

The Board will monitor the scope and currency of this policy.

The Board acknowledges Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations "that a listed entity should 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".<sup>i</sup>

However consistent with Bounty's policy of non-discrimination, the Board has chosen not to set specific measurable targets for gender or other diversity.

Any measurable objectives set by the Remuneration and Nominations Committee in the future may be included in the annual KPIS for the CEO and senior management.

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## **5 Reporting**

The Company's Annual Report each year will include the proportion of women employees in the organisation as a whole, in senior management, and at Board level.

The Board has chosen not to set specific measurable targets for gender or other diversity and consequently will not report against targets.

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<sup>i</sup> ASX Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition 2014).



**Annexure C to the Corporate Governance Statement**

**CONSTITUTION**

The Remuneration and Nominations Committee has been established by resolution of the Board. This document sets out the objectives, responsibilities and administration of the Committee.

**OBJECTIVES**

The Committee is to assist the Board in fulfilling its governance and oversight responsibilities. The Committee will review and make recommendations on:

- The system of internal controls and management of financial risk;
- The financial reporting process;
- The audit process; and
- The process for monitoring compliance with laws and regulations and the Company's code of business conduct.
- The risk management system.

In performing its duties, the Committee will maintain effective working relationships with the Board, Management and the external auditors.

**AUTHORITY**

The Committee has authority to seek any information it requires from employees and external parties, to obtain outside legal or other professional advice with the prior approval of the company Chairman and to require the attendance of company officers at meetings as appropriate.

**MEMBERSHIP**

Membership of the Audit Committee is:

- At least two (2) Non-executive Directors
- Majority of members are independent

Except for occasions where there is a conflict of interest the chairman of the board is invited to attend by standing invitation.

Members are appointed until such time as their appointment is terminated by the Board or the member resigns.

**CHAIRMAN**

The Board shall nominate the Chairman of the Committee.



## **Bounty Mining Limited: Audit and Risk Committee Charter**

### **SECRETARY**

The Company Secretary shall be the Secretary of the Committee.

### **OTHER ATTENDEES**

The Committee may invite members of Bounty's senior management or specialist advisors to be present for part or all of a meeting of the Committee however such invitees will not be members of the committee.

### **ACTIVITIES**

The Committee will meet on an as required basis. These programmed meetings are:

1. Meeting with auditors to review the draft financial statements and results of the year end audit (approximately September).
2. Meeting with Chief Financial Officer and Risk Management Officer to monitor and assess the risk management framework (approximately February).
3. Meeting with auditors to review the draft statements for the half year to December and results of the Gould Ralph review.

In addition, the Committee's Chair is required to call a meeting of the Committee when requested to do so by a Board or Committee Member, CEO, Chief Financial Officer or Company's external Auditors.

### **ROLES AND RESPONSIBILITIES OF AUDIT COMMITTEE**

#### **1.0 Internal Control and Risk Management Systems**

Committee will review and consider the appropriateness and adequacy of internal processes for determining, monitoring and assessing key risk areas identified by the Board's financial, operational and business risk management policies, including:

- 1.1 Gain an understanding of the current areas of greatest financial, operational and business risk and how management is managing these effectively.
- 1.2 Review and approving management's programs and policies which deal with the adequacy and effectiveness of internal controls over the Company's business processes.
- 1.3 Receive reports concerning material actual and suspected breaches of law including any fraud and theft and assess systems to manage this risk.
- 1.4 Consider with the auditors any fraud, illegal acts, deficiencies in internal control or other similar issues.
- 1.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.



## **Bounty Mining Limited: Audit and Risk Committee Charter**

- 1.6 Evaluate whether management is setting the appropriate “control culture” by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.
- 1.7 Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
- 1.8 Gain an understanding of whether internal control recommendations made by the auditors have been implemented by management.
- 1.9 The Committee is responsible for approving and monitoring the Company’s whistleblowing policy.

### **2.0 Financial Reporting**

- 2.1 Ask management and auditors about significant risks and exposures and the plans to minimise such risks.
- 2.2 Review any legal matters which could significantly impact the financial statements.
- 2.3 Review the annual financial statements and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles.
- 2.4 Pay particular attention to complex and/or unusual transactions.
- 2.5 Focus on judgmental areas, for example those involving valuation of assets and liabilities, commitments and contingencies.
- 2.6 Meet with management and the auditors to review the financial statements and the results of the year end audit and the half year review.
- 2.7 Review the other sections of the annual report before its release and consider whether the information is understandable and consistent with members’ knowledge about the company and its operations.
- 2.8 Review the disclosure policies and ensure that reports comply with the ASX guidelines and currently accepted standards of good practice.
- 2.8 Review related party transactions and assess their propriety.

### **3.0 External Audit Process**

- 3.1 Review the external auditors’ proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope.
- 3.2 Review the performance of the external auditors.
- 3.3 Consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the company.
- 3.4 Make recommendations to the Board regarding the reappointment of the external auditors.
- 3.5 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- 3.6 Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- 3.7 Ensure that management responds to recommendations by the external auditors.



## **Bounty Mining Limited: Audit and Risk Committee Charter**

### **4.0 Compliance with Laws and Regulations and Code of Conduct**

#### **(a) Compliance with Laws and Regulations**

- 4.1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
- 4.2 Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- 4.3 Review the findings of any examinations by regulatory agencies.

#### **(b) Compliance with Company's Code of Conduct**

- 4.4 Ensure that the proposed code of conduct is in writing and that arrangements are made for all employees to be aware of it.
- 4.5 Evaluate whether management is setting the appropriate "tone at the top" by communicating the importance of the code of conduct and the guidelines for acceptable behaviour.
- 4.6 Review the process for monitoring compliance with the code of conduct.
- 4.7 Obtain regular updates from management regarding compliance.

### **5.0 Other Responsibilities**

- 5.1 Regularly update the Board about committee activities and make appropriate recommendations.
- 5.2 Ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 5.3 Perform other oversight functions as requested by the Board.
- 5.4 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 5.5 Review and update the role and activities of the committee and receive approval of changes from the Board.
- 5.6 Evaluate the committee's own performance on a regular basis.





## Bounty Mining Limited: Risk Disclosure Statement

### Annexure D to the Corporate Governance Statement

## **1 Risk factors**

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### **1.1 Note on risk**

The business activities of the Company are subject to risks. These risks include those risks that apply specifically to the Company's business and risks that apply to businesses generally. Some of the specific risks can be mitigated through the use of safeguards and contingency plans. However many risks are outside the control of the Company and its Directors and the ability to mitigate impacts can be limited. The occurrence of any of the risks set out in this section may have an adverse impact on the prospects, financial performance or financial position of the Company which may adversely impact the value of the Shares.

Prior to making an investment decision and to reduce the impact of risk, investors are encouraged to seek professional advice suited to their investment objectives, financial situation and particular needs.

The Directors are responsible for ensuring that appropriate policies and procedures are in place to identify and monitor the risks faced by the Company and to ensure that those risks are managed in an appropriate and prudent manner.

Careful consideration should be given to the risks identified below. Actual events and results, including the results of the Company's operations, could differ materially from those anticipated. Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation. There are also general risks associated with any investment in securities.

The list of risks below is not exhaustive. If investors require further information on these risks, they should seek appropriate professional advice.

### **1.2 Specific business risks**

A summary of the specific business risks facing the Company is set out below.

#### **(a) Project development risk**

Exploration, evaluation and development of natural resources are high risk endeavours. There are a number of factors that influence the successful development of mineral deposits into economically viable mining operations. There is also no guarantee that, should the Company evaluate a potentially commercial coal resource at the Wongai Coal Project, the Company will be able to produce and transport those resources to commercially viable markets or sell the resources to customers to achieve a commercial return.



## **Bounty Mining Limited: Risk Disclosure Statement**

Bounty is at an early stage of project development, having recently completed a desktop concept study for the Wongai Coal Project. There is a risk that the results of future exploration programs and feasibility studies may demonstrate that the Wongai Coal Project is uneconomic or that the planned mining methodologies must be changed. Such outcomes could have an adverse effect on the value of the Wongai Coal Project and the Company's financial performance and future prospects.

### **(b) Reliance on Wongai Coal Project**

The Company does not have an interest in any project other than the Wongai Coal Project. As such, currently the future prospects of the Company are entirely reliant on the Wongai Coal Project and the Company's ability to earn further interests in the Joint Venture Assets in accordance with the terms of the Wongai Coal Project Agreements. Any negative development on the Wongai Coal Project may have a material negative impact on the value of the Company.

There are also risks related to the Wongai Coal Project being operated through a joint venture with a third party, which are set out in more detail in section 1.2(q) below.

### **(c) Finance risk**

The development of the Wongai Coal Project is reliant on securing significant further equity and/or debt capital to fund design and construction of the project. A reluctance of investors to invest and banks to provide debt may significantly delay the development of the Wongai Coal Project and timing of the potential value uplift for Bounty if the mine becomes operational. There can be no assurance that any future financing required by the Company to support proposed development plans will be available on satisfactory terms or at all. The inability to obtain funding could adversely affect the Company and result in a default in Tenement or Joint Venture obligations and forfeiture of permits or licences if not remedied.

### **(d) Export facility risk**

As part of the Wongai Coal Project, Bounty proposes to develop an enclosed conveyor system to transport any coal produced onto ships for export. It is proposed that the transfer of coal will be by elevated closed conveyor and jetty structure to covered barges. In addition, barge movement to the existing shipping channel will be required to transfer coal onto a transhipper by closed conveyor or direct unloading onto export vessels within the designated shipping channel. The proposed export facility will be located within the Great Barrier Reef Marine Park Area.



## **Bounty Mining Limited: Risk Disclosure Statement**

The approval of any export facility development within the Great Barrier Reef Marine Park Area is a particularly sensitive issue in Queensland at present.

Bounty does not propose to develop a conventional port for export of coal mined at the Wongai Project. Bounty intends to implement a number of mitigation strategies to minimise the environmental impact in the proposed export area by: utilising covered barges with shallow draft to avoid the need to deepen the seabed by dredging to enable large vessels access to shore based facilities; locate the barge loader so as to minimise impact on the marine environment; barging and transshipping in already established major shipping channels with naturally deep water.

### **(e) Commodity price and currency risk**

The strength of worldwide coal prices and the level of demand for Australian based exports, and the effect of any industrial disruptions within the coal industry in Australia may affect the economic viability of the Wongai Coal Project and consequently may affect the Company's ability to raise funds to complete the project to full construction. Demand for coal has fallen recently due to factors such as oversupply in markets including China and Australia, driving down coal prices. These factors are outside the Company's control.

The majority of black coal produced in Australia is sold to the export market. Contracts for export coal are almost universally denominated in US dollars. As such, mine owners' ability to sell Australian coal (and the price at which the coal can be sold) is vulnerable to fluctuations in the value of the Australian dollar against the US dollar. If the Australian currency has a relatively high value, the producers are forced to accept a lower price in Australian dollars, or insist on a price that is less attractive to customers and potentially face reduced sales volume. Significant or sustained reductions or volatility in the value of the home currencies of major coal customers may decrease demand for Australian coal and consequently and consequently may affect the Company's ability to raise funds to complete the project to full construction.

### **(f) Cape York Regional Plan**

EPC 2334 is within the area of the Draft Cape York Regional Plan (**CYRP**). Certain areas covered by the CYRP are likely to be the subject of constraints and in some cases prohibitions on future mining activities. Under the *Regional Planning Interests Act 2014* (Qld), resource activities which are likely to impact on 'areas of regional interest' require a regional interests' development approval from the Department of State Development, Infrastructure and Planning before they can proceed. EPC 2334 partly intersects land identified under the CYRP as being a 'Strategic Environmental



## **Bounty Mining Limited: Risk Disclosure Statement**

Area', which is an area of regional interest the CYRP notes is unlikely to be the subject of approval for resource activities. In addition, a national park borders the eastern boundary of EPC 2334.

The concept plan for the Wongai Coal Project has been developed to avoid the relevant constrained areas and Bounty intends to continue to monitor the consultation process surrounding the finalisation of the CYRP with a view to ensuring the areas of constraint do not encroach on the Wongai Coal Project.

Depending on the finalised CYRP, the Wongai Coal Project may be affected by these constraints and/or prohibitions which could have a material adverse effect on the viability of the Wongai Coal Project as currently proposed.

### **(g) Land access risk**

The majority of land underlying the Tenements is Aboriginal freehold land granted under the *Aboriginal Land Act 1991* (Qld). Aboriginal freehold land is classified as a 'reserve' under the Mineral Resources Act and as such, it is necessary to obtain the consent of the owner of the land to enter an EPC to undertake exploration or to obtain the grant of a mining lease over the land.

Almost the entire area of EPC 2334, relates to land that is owned by the Kalpowar Aboriginal Land Trust, which has given consent for EPC 2334 (and future mining lease applications over that EPC) under the Indigenous Land Use Agreement.

The Indigenous Land Use Agreement sets out the terms, compensation rights and obligations in respect of land ownership and native title under which the joint venture would develop the proposed mining project on EPC 2334.

### **(h) Environmental Impact Statement**

EIS processes have been commenced under both the Federal and State regimes for the Wongai Coal Project. An EIS process is lengthy and expensive to complete and can result in:

- the imposition of unreasonably onerous conditions on any subsequent approvals issued for the relevant activities;
- delay to the project; or
- no consent to mine granted.



## **Bounty Mining Limited: Risk Disclosure Statement**

### **(i) Native title risk**

Exploration activities in Australia are subject to the *Native Title Act 1993* (Cth) and as such Aboriginal land rights may affect the Company's ability to secure prospective exploration areas and mining leases and therefore may negatively impact the Company's planned development activities at the Wongai Coal Project. Such risks may impact on the Company's ability to progress through the approvals process in the expected timeframes.

Bounty is a party to the Indigenous Land Use Agreement in respect of EPC 2334. The Indigenous Land Use Agreement sets out the terms and compensation for settlement of native title claims in respect of the land encompassed by EPC 2334. The ILUA imposes financial and other obligations on Aust-Pac and Bounty, including a condition that the Traditional Owners and Neighbour Groups are granted an aggregated 12.5% beneficial, non-voting interest in any mining project for no consideration and a requirement to comply with comprehensive training, employment and business development commitments. The grant is to be made before the first shipment of coal from the Project.

### **(j) Cultural heritage risk**

Within Australia, Federal and State legislation allows for the protection of Aboriginal cultural heritage and sites that are significant to Aboriginal custom and tradition. A Cultural Heritage Management Plan has been agreed in respect of EPC 2334 and is annexed to the Indigenous Land Use Agreement. The Cultural Heritage Management Plan contains a number of obligations that Aust-Pac and Bounty are required to comply with regarding surveying, monitoring, cultural heritage training and payments. Compliance with cultural heritage obligations may impact on the Company's ability to progress through the approvals process in the expected timeframes and/or impact the development and operation of the Wongai Coal Project.

### **(k) Approvals risk**

The Wongai Coal Project will require a number of approvals at various stages from various governmental agencies and regulatory bodies. The Company cannot guarantee that these approvals will be granted or obtained. There is also a risk that additional requirements will be imposed on the Company which may result in delays to project implementation or add additional constraints and costs which may adversely impact the economics or viability of the Wongai Coal Project.



## **Bounty Mining Limited: Risk Disclosure Statement**

The rules in relation to approvals are complex and may change over time, which may make the Company's ability to comply with the applicable requirements more difficult or even impossible, in such a case, precluding continuing any future mining operations. If the Company is not able to successfully obtain the grant of mining leases and other required licences and permits to recover coal from the Wongai Coal Project or future exploration projects, the Company's future development of the Wongai Coal Project will be materially and adversely affected.

**(l) Substitution risk**

The development of new steel making and power generation technologies or practices, particularly from 'clean' energy sources, may lead to greater use of other carbon sources or lower quality coals in substitution for any coal produced from the Wongai Coal Project. This could lower demand for the Company's products and potentially lower the price received for any coal products, which would adversely affect the Company's financial performance and prospects.

**(m) Political risk**

Changes to the regulatory environment for the mining industry and/or any negative publicity may materially affect an investment in the Company. There is the potential for changes in government policy that can negatively impact on the development of the Wongai Coal Project and, accordingly, the Company's financial performance and future prospects. This includes potential changes to State and Federal government positions on shipping or development within the Great Barrier Reef Marine Park and the Cape York Regional Plan, including those noted above. Changes in government policy may be prompted by community values towards environmental and cultural issues.

**(n) Estimation of Mineral Resources**

Mineral Resources estimates are inherently imprecise and may not prove to be an accurate indication of the quantity and/or quality of coal that the Company has identified or that it will be able to extract at the Wongai Coal Project. While the Mineral Resources at the Wongai Coal Project have been estimated in accordance with the JORC Code, estimates are purely an expression of professional judgement based on available information, interpreted using experience and resource modelling techniques, as well as geological assumptions. They also involve application of sampling techniques, estimates of coal prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable. As such, there is a risk that any coal ultimately mined may be of a different or inferior grade, quality, or



## **Bounty Mining Limited: Risk Disclosure Statement**

volume from the Mineral Resources estimates. Accordingly, this may result in decreased profitability of the Company from lower than expected revenues or higher than expected costs.

In addition, the issue by the Company of an estimation of Mineral Resources and Exploration Targets should not be regarded as a representation that these amounts can be economically exploited and investors are cautioned not to place undue reliance on these estimates.

### **(o) Inferred Mineral Resources**

A significant proportion of the Mineral Resources identified at the Wongai Coal Project are in the Inferred category, which is the lowest of the three Mineral Resources categories under the JORC Code, reflecting limited sampling and a relatively low degree of geological certainty. While material may only be included in a Mineral Resources calculation if there are reasonable prospects of eventually economically extracting it, investors should be aware that the inclusion of a material in a Mineral Resources estimate does not require a conclusion that the material may be economically extracted at the yield indicated or at all. Mineralisation only qualifies to be categorised as a Ore Reserve once it has been demonstrated to be economically recoverable.

Mineral Resources are delineated, in order of increasing confidence, into Inferred, Indicated and Measured Mineral Resources. Only Mineral Resources in the Measured or Indicated categories can be converted to the status of an Ore Reserve. As a result, any future development of the Inferred Mineral Resources at the Wongai Coal Project will depend on the Company being able to further upgrade the Inferred Mineral Resources to the Measured or Indicated categories, and/or discover additional Mineral Resources in the Measured or Indicated categories and subsequently convert them to Ore Reserves by demonstrating that they can be economically extracted under reasonably assumed operating conditions.

### **(p) Coal quality and product risk**

Coal quality is known to vary. As such, there is a risk that any coal identified at the Wongai Coal Project may not be of sufficient quality to develop commercial mining operations, which could have an adverse impact on the Company's financial performance and prospects.



## **Bounty Mining Limited: Risk Disclosure Statement**

There is also a risk that actual coal products produced and sold will differ from the Company's expectations. While tests conducted to date are encouraging, final product types are not known with certainty at this stage of the Wongai Coal Project's development. Variables include ash levels, coal washability, coking characteristics, and market demand for various product types.

**(q) Joint venture risk**

The Wongai Coal Project is operated through a joint venture with a third party, Aust-Pac. The ILUA also establishes the basis for the [indigenous interests] to take a free carry equity interest in the project. Any failure by the Company (through its subsidiaries) or its joint venture partners to act in a manner consistent with the Wongai Coal Project Agreements, or the insolvency, financial distress or liquidation of either party, may have a material adverse impact on the Company. Under the terms of the Wongai Coal Project Agreements, the Company (through its subsidiaries) has the ability to increase its interest in the Joint Venture Assets to up to 51% through sole funding project expenditure, achieving certain milestones and exercising a call option. If the Company does not comply with these obligations, it may not achieve a 51% interest in the Joint Venture Assets, which would have an adverse effect on the Company's financial position and prospects.

**(r) Concentrated share register**

Mr Gary Cochrane, Chairman and Chief Executive Officer, currently has a relevant interest in approximately 33.6% of Bounty's total issued Share capital. Given the size of Mr Cochrane's shareholding in particular Shareholders not associated with Mr Cochrane have a reduced ability to influence the operating, financing and strategic decisions of the Company.

In addition, the likelihood of the Company receiving a takeover offer may be reduced given that Mr Cochrane's shareholding would likely represent an impediment to complete a takeover without the support of Mr Cochrane.

**(s) Commercialisation risk**

There is a high degree of risk associated with the development and commercialisation of coal resources, and at completion of construction of any projects the market price of the coal could be less than the cost of production. The Company may be forced to defer or suspend some or all of its planned exploration and/or mining activities.





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Further, obtaining necessary regulatory and environmental approvals may be delayed, more expensive than expected or may not be obtained at all.

### **(t) Weather**

Unexpected protraction of the annual wet season may adversely impact on the timing of exploration and site background studies, and consequently the Company's ability to complete the Phase 2 Works or Phase 3 Works and earn the Phase 2 Interest or Phase 3 Interest (as applicable). Inclement or adverse weather may require the Company to evacuate personnel or curtail operations and may cause damage to its mine site, transportation roads and loading facilities. This could result in the temporary suspension of operations or generally reduce the Company's productivity. Any damage to the Company's future mine site, transportation roads and loading facilities caused by prolonged periods of inclement or adverse weather could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

### **(u) Mining risk**

Should the Wongai Coal Project proceed, underground mining will be undertaken by Bounty. Underground coal mines can be subject to a number of operational risks, all of which could negatively impact on the business of the Company.

Such operational risks include those that can be associated with mining operations such as pit collapses, general access restrictions and difficult mining conditions. They may also include industrial unrest against the mine owner or other risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, business interruption, monetary loss and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.



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**(v) Key personnel risk**

The success of the Company is related to the Directors' and management's capabilities in governing and managing the Company's performance. Accordingly, the Company may be adversely affected if any of the Directors or management leaves the Company. This is because the Company might not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel.

**(w) Access to skilled labour**

The successful development and commercialisation of the Wongai Coal Project will require a large number of personnel not currently employed by the Company. , The Company's site-based staff were terminated by reason of redundancy in July 2013 following expiry of Bounty's sole contract.

While the Directors consider that the risk is relatively low at this point in time, there is a risk that the Company may not be able to identify and employ the skilled workers required for its future operations and this may adversely impact the Company's financial performance.

**(x) Contracted labour**

The Company may in the future depend on a large number of contracted personnel. There is a risk that contracted personnel fail to perform their contractual obligations and that the Company is unable to find suitable replacement contractors.

Through the potential use of contractors and other third parties for exploration, mining and other services, the Company is reliant on a number of third parties for development of the Wongai Coal Project. While the situation is normal for the mining and exploration industry, problems caused by third parties may arise which have the potential to impact on the Company. Should contracted personnel fail to perform their contractual obligations, this may have the effect of delaying the development timetable, increasing operating costs and negatively impacting the economics of the Wongai Coal Project.

**(y) Environmental risks**

The coal mining sector operates under Australian State and Federal environmental laws. The Company's operations may use hazardous materials and produce hazardous waste which may have an adverse impact on the environment or cause



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exposure to hazardous materials. Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, the Company may be subject to claims for toxic torts, natural resource damages and other damages. In addition the Company may be subject to the investigation and clean-up of contaminated soil, surface water, groundwater and other media. This may delay the Wongai Coal Project development timetable and may subject the Company to substantial penalties including fines, damages, clean-up costs or other penalties. The Company is also subject to environmental protection legislation, which may affect the Company's access to certain areas of its properties and could result in unforeseen expenses and areas of moratorium.

### **(z) Other regulatory factors**

Extensive government regulations impose significant costs on the Company's mining operations, and future additional regulations could increase those costs or limit the Company's ability to produce and sell coal.

The Australian coal industry is subject to strict regulation by Australian law with respect to such matters as limitations on land use, employee health and safety, mine permitting and licensing requirements, reclamation and restoration of mining properties, air quality standards, water pollution, protection of human health, plant life and wildlife, discharge of materials into the environment, surface subsidence from underground mining and the effects of mining on groundwater quality and availability. Australian health and safety regulation in the coal mining industry is a comprehensive and pervasive system designed for protection of employee safety and health. Complying with existing or new regulations may delay commencement or continuation of exploration or production operations or adversely affect the Company's mining operations or cost structure, any of which could harm its future results.

The Company may incur costs and liabilities resulting from claims by employees for work-related injuries, and the Company must maintain adequate workcover liability insurance.

## **1.3 General risks**

### **(a) Litigation – contingent liability**

There is always the risk of litigation against a company. The Company is not aware of any current litigation against the Company, threatened or otherwise.



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### **(b) Changes in economic and geopolitical conditions**

The Company may be affected by general economic conditions in Australia including the level of interest rates, foreign exchange rates, inflation and the level of fiscal spending by the government, as well as changes in regulatory policies and other statutory changes.

In addition, geopolitical upheaval and uncertainty due to terrorist activities, insurrection, war and general conflict may have an impact on the Company's business by virtue of its impact on general economic conditions.

### **(c) Competition risk**

Competition in the coal industry is based on many factors, including but not limited to, price, production capacity, coal quality and characteristics, transport capability, costs, and brand name. The Company faces competition from other Australian and international producers of coal. Increases in production or reduction of price of competing coals from both Australia and overseas may adversely impact the Company's ability to sell its coal products at prices desirable to the Company. Increased competition in the future, including from new competitors, may emerge.

### **(d) Macro economic risks**

The general state of the Australian and other foreign economies (particularly those of major suppliers or users of resources) as well as changes in taxation, monetary policy, interest rates, statutory requirements and currency exchange rates may influence the profitability of the Company, and may affect the value of the Shares.

### **(e) Taxation risks and considerations**

Tax liabilities are the responsibility of each individual investor, and the Company is not responsible either for taxation or penalties incurred by investors. The effects of taxation can be complex and may change over time. Investors should consult their own taxation advisers to ascertain the tax implications of their investment.

Changes to the taxation environment, including taxation laws and their commercial application may have a material adverse effect on an investment in the Company's Shares or otherwise have a material adverse effect on the Company's business and financial position.



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### **(f) Carbon and mining tax risk**

While the Federal Government has repealed the Minerals Resource Rent Tax (**MRRT**), and the Carbon Tax, future regulatory or legislative changes with respect to the MRRT, the carbon tax or similar taxation strategies may affect the Company's profitability and/or general investment patterns.

The State or Federal governments may also amend existing royalties legislation in a way that could adversely impact the future profitability of the Company. Should royalties legislation change in the future, the impact on the Company's profitability may be greater than currently anticipated.

## **1.4 Investment risk**

### **(a) Investor sentiment**

Development of the Wongai Coal Project will rely on future capital raisings to support exploration and feasibility studies and working capital. There is a risk that market conditions will not be conducive to capital raising or to capital raising at an optimal share price.

### **(b) Price and liquidity risk**

Following, the raising of sufficient capital the Directors will apply to ASX for reinstatement of the Company's Shares to Official Quotation.

However, even if reinstatement of the Company's Shares to Official Quotation is obtained, an investment in the Company should be regarded as speculative. The price of Shares can rise or fall. It can be affected by a range of factors affecting stock markets generally, or industries in which the Company operates. Those matters are often beyond the control of the Company. In addition, liquidity in the trading of Shares (whether on ASX or otherwise) can be affected by a range of matters beyond the control of the Company. There is no guarantee of any return in respect of an investment in Shares, whether by way of profit or capital. In particular, the share price of many companies listed on ASX has, in recent times, been subject to large fluctuations which, in some cases, may have been unrelated to the operating performance of the individual companies concerned. Such fluctuations may adversely affect the market price of Shares.

### **(c) Potential ASX Delisting**

The Company was suspended from official quotation on the Australian Securities Exchange on 10 August 2009 and has remained suspended until the date of issue of



## **Bounty Mining Limited: Risk Disclosure Statement**

this Statement. ASX Guidance Note 33 *Removal of Entities from the ASX Official List* was introduced on 1 January 2014. Under this Guidance Note, unless Bounty implements a transaction that will result in the resumption of trading in its securities prior to 1 January 2016 ASX will remove Bounty from the official list on the first business day after 1 January 2016.

The Company has been endeavouring to raise sufficient funds to enable resumption of trading in Bounty securities prior to 1 January 2016. If Bounty does not raise sufficient funds in the timeframe needed to achieve resumption by that date, it is expected that the ASX will remove Bounty from the official list.

### **(d) Future issues**

The Company may, without the approval of Shareholders, and subject to the requirements of the Corporations Act and the Listing Rules, issue further Shares or other securities which may rank ahead of or *pari passu* with the obligations of the Company to Shareholders on a winding-up of the Company or issue shares at a lower price than the Issue Price which may dilute the interests of Shareholders. It may also issue securities with conversion rights which, when exercised, will dilute the interests of Shareholders when those securities are in turn converted to Shares.

### **(e) Regulatory changes**

Changes to the regulatory environment, including the Corporations Act and ASIC policy and their commercial application may have a material adverse effect on investment in Shares or otherwise have a material adverse effect on the Company's business and financial position.



### **Purpose of the Policy**

The purposes of this policy are:

- To ensure that key management personnel of the company understand procedures in relation to trading in shares and other securities, and understand the meaning and legal consequences of “insider trading”.
- To protect Shareholders’ interest at all times by ensuring that the persons to whom this policy applies do not use Inside Information for their personal advantage.
- To ensure that Bounty Mining operates, at all times, in accordance with legal and societal standards of good corporate practice.

### **Application of the Policy**

The policy applies to all directors, employees and contractors of the Bounty Group.

The Insider Trading laws can apply to dealings by entities and people associated with the persons to whom this policy applies eg a company, trust, self-managed superannuation fund, spouse, partner and dependent child. Someone in possession of inside information may become subject to an insider trading investigation if an associate deals in securities to which the inside information relates.

### **Policy**

The persons to whom this policy applies may not trade in securities of the Company except during specific allowable periods or “windows”. They may not trade in securities even during a “window” if they are in possession of Inside Information.

### **Window System**

A “window” system is one where trading is prohibited unless in the 28 day period, or “window”, following ASX announcements. All persons to whom this policy applies will be notified of the commencement and conclusion of a “window”.

Trading windows will commence 24 hours after the time of the announcement, allowing the information announced to be disseminated across the market.

In any case, trading is prohibited between the date of the close of the accounting books and the announcement of financial results, specifically:

- Quarterly cashflow reports
- Half year results; and
- Preliminary full year results.



## **Bounty Mining Limited: Securities Trading Policy**

### **Prohibited Periods**

All periods which are not recognised as “windows” are Prohibited Periods.

Clearance to trade during Prohibited Periods may only be obtained in exceptional circumstances, where the person is NOT in possession of Inside Information, and must be obtained in accordance with the authority levels below.

- The Chairman must not trade in securities of the Company during a Prohibited Period without first notifying, and obtaining clearance to trade from an Independent Director nominated for this purpose.
- All other persons to whom this policy applies must not trade in securities of the Company during a Prohibited Period without first notifying, and obtaining clearance to trade from, the Chairman or an Independent Director nominated for this purpose.
- Persons given clearance to trade must do so within 48 hours of the clearance being given.

If any person to whom this policy applies is reasonably expected to be in possession of Inside Information, there can be no clearance in any circumstances.

### **Exceptional Circumstances**

If any person to whom this policy applies is NOT in possession of Inside Information and would suffer severe financial difficulty otherwise, they may be given clearance by the Chairman, or in the case of the Chairman an Independent Director, to sell securities. There can be no clearance for the purchase of securities.

### **Inside Information**

Inside Information is defined by ASX as information which:

- Is not generally available; and
- If it was generally available, would be reasonably expected to have a material effect on the price of the Company's securities.

Examples include, but are not limited to:

- Possible acquisition or sale of assets by the Company;
- The Financial performance of the Company;
- A possible claim against the Company.

### **Insider Trading**

Any trading by securities of the Company while in the possession of Inside Information, even in a “window”, amounts to Insider Trading.





## **Bounty Mining Limited: Securities Trading Policy**

The following actions are also Insider Trading:

- Passing on Inside Information to another person, knowing it will be used it will be used to trade in company shares ;
- Procuring another person to trade in company shares while in the possession of Inside Information.

### **Penalties for non-compliance – current at the date of this document**

- Insider trading is a criminal offence punishable by significant fines or jail terms or both. Maximum penalties under the Corporations Act for a breach of Insider Trading provisions at the date of this document are:
- \$220,000 penalty for a person;
- 10 years imprisonment; and
- Unlimited civil liability.

In addition, the insider trader and any other person involved in the contravention may be liable to compensate third parties for any resulting loss.

Non-compliances will be treated seriously by the Company and breaches of this Policy, whether or not they result in a breach of the law, may result in disciplinary action including dismissal.

### **Short-Term Dealings**

Key Management Personnel may not deal in Company shares at any time for short term gain, including buying and selling shares in a 3 month period, except subject to clearance as described under "Exceptional Circumstances" above.

### **Notification of Interests and Trading in securities (Directors only)**

Bounty is required to notify ASX of certain information in relation to directors' holding and trading in its securities under listing rule 3.19A.2 and as agent for the directors for the purposes of section 205G of the Corporations Act. This information is provided through:

- Appendix 3X – Initial Director's Interest Notice, to be lodged within 5 days of the director's appointment.
- Appendix 3Y – Change of Director's Interest notice, to be lodged within 5 days of any change.
- Appendix 3Z – Final Director's Interest Notice, to be lodged within 5 days of ceasing to be a director.

Prior to appointment, Directors execute an agreement with the Company that they will notify the Company Secretary of all required information in time to achieve announcement.

Bounty will also declare, in a new addition to appendix 3Y:

- whether the change in interest occurred during a Prohibited Period;
- if so, whether prior written approval was obtained; and



## **Bounty Mining Limited: Securities Trading Policy**

- if obtained, on what date.

### **Margin loans or similar funding arrangements**

No person covered by this policy must enter into any margin loan or similar funding arrangement in relation to the Company's securities.

Where margin loans or similar funding arrangement are already in place at the date of this re-issued policy, the Company Secretary must be notified immediately as to the existence of the arrangement, the terms of the arrangement, the number of securities affected and any other relevant information.

### **Trading in securities of other companies**

Directors and Officers are prohibited from dealing in the securities of outside companies about which they may gain price-sensitive information by virtue of their position with Bounty Mining. This includes client organisations, potential clients, joint-venture or alliance partners, subcontractors, and suppliers or subcontractors.

This reissued policy is effective from 1 July 2015.