



Black Mountain Resources Limited Corporate Governance Compliance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of the Company. The Board supports a system of corporate governance to ensure that the management of the Company is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX Corporate Governance Council Recommendations

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles and Recommendations 2nd Edition") where considered appropriate for company of the Company's size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Security Trading, Continuous Disclosure, Shareholder Communication and Risk Management Policies.

The Company's main corporate governance policies and practices are outlined below:

(a) Board of Directors

The Company's Board of Directors is responsible for corporate governance of the Company. The Board develops strategies and financial objectives for the Company, reviews strategic objectives and monitors performance against those objectives.

The Board acknowledges its accountability to Shareholders for creating Shareholder value within a framework which protects the rights and interests of Shareholders and ensures the Company is properly managed.

The objective of the Board is to provide an acceptable rate of return to the Company's Shareholders and take into account the interests of its employees, customers, suppliers, lenders and the wider community.

Each of the Directors, when representing the Company, must act in the best interest of Shareholders of the Company and in the best interests of the Company as a whole.

In carrying out the responsibilities and powers set out in the Board Charter, the Board:

- (i) recognises its overriding responsibilities to act honestly, fairly, diligently and in accordance with the law in serving the interests of its Shareholders; and
- (ii) recognises its duties and responsibilities to its employees, customers and the community.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.

The majority of the Board is comprised of Non-Executive Directors. Where practical, at least half of the Board will be independent. An independent Director is one who is independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with, the exercise of independent judgement.

The Board is currently comprised of a majority of Non-Executive and independent Directors. The Board considers that its current structure is appropriate given the Company is in the early stages of its development and given the size, nature and scope of the Company's activities.

(b) Independent professional advice

The Board or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairperson. A copy of any such advice received is to be made available to all members of the Board.

(c) Remuneration arrangements

The total maximum remuneration of Non-Executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' 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. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of \$150,000 per annum.

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.

(d) Performance Assessment

The Board has adopted a formal process for an annual self assessment of its collective performance and the performance of individual directors. The Board is required to meet at least annually with the purpose of reviewing the role of the Board, assessing its performance over the previous 12 months and examining ways in which the Board can better perform its duties. The issues examined in the review include the Board's interaction with management, the type of information provided to the Board by management and management performance in helping the Board meet its objectives.

(e) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(f) Code of Conduct

A formal code of conduct for the Company applies to all directors and employees. The code aims to encourage the appropriate standards of conduct and behaviour of the directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Directors, managers and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics and strive at all times to enhance the good reputation and performance of the Company by acting in the best interests of the Company, being responsible and accountable for their actions and observing the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

(g) Audit committee

The Company does not have a separate constituted audit committee. The Board, as a whole, serves as an audit committee and acts in accordance with the Audit and Risk Management Committee Charter.

Pursuant to the charter, the audit and risk management responsibilities include:

- overseeing, co-ordinating and appraising the quality of the audits conducted by both the Company's external and internal auditors (if and when appointed);
- determining the independence and effectiveness of the external and internal auditors;
- maintaining open lines of communications among the Board and the internal and external auditors to exchange views and information, as well as confirm of their respective authority and responsibilities;
- serving as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and
- reviewing the adequacy of the reporting and accounting controls of the Company.

(h) Nomination and Remuneration Committee

The Company does not have a separate constituted nomination and remuneration committee. The Board, as a whole, serves as a nomination and remuneration committee and acts in accordance with the Nomination and Remuneration Committee Charter.

Pursuant to the charter, the nomination and remuneration responsibilities include:

- reviewing and recommending the overall strategies in relation to executive remuneration policies;
- reviewing and make recommendations in respect of the compensation arrangements for all non-executive directors, the Chief Executive Officer and all other senior executives;
- reviewing the effectiveness of performance incentive plans;
- reviewing and make recommendations in respect of all equity based remuneration plans;
- reviewing and make recommendations in respect of the Company's recruitment, retention and termination policies and superannuation arrangements;
- reviewing the composition of the Board and ensuring that the Board has an appropriate mix of skills and experience to properly fulfil its responsibilities;
- ensuring that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance;

- reviewing and make recommendations to the Board in respect of the succession plans of senior executives (other than executive Directors) and ensuring the performance of senior executives is reviewed at least annually; and
- considering nominations for potential candidates to act as Directors.

(i) Identification and Management of Risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

The Board takes a proactive approach to risk management and have a formal risk management policy to provide further guidance. The identification and proper management of risk within the Company is a priority for the Board.

(j) Policy for Trading in Company Securities

Trading in the Company's securities by directors and employees is not permitted when they are in possession of unpublished price sensitive information. Any transactions undertaken must be notified to the Chairman or the Board in advance.

Directors, officers and employees must not buy, sell or subscribe for securities if they are in possession of 'inside information' (information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities). The Corporations Act 2001 (Cth) provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

Subject to the insider trading restrictions above, it is the Company's policy that Directors, officers and employees will not deal in the Company's securities as a matter of course during:

- in the two weeks prior to the release of the Company's quarterly reports (if appropriate) and for two business days after the release of the report;
- from 1 January until the release of the Company's half year financial results and for two business days after the release of the results;
- from 1 July until the release of the Company's full year financial results and for two business days after the release of the results;
- in any other period when the Company is in possession of unpublished price-sensitive information and for two business days after the release of such information; and
- any time it may be reasonably probable that notification of price-sensitive information is required pursuant to the ASX Listing Rules and for two business days after the release of such information.

The Company's policy also reinforces the Directors' and Company's statutory obligations to notify the ASX of any dealing in the securities which results in a change in the relevant interests of a Director in the securities. As contemplated in the ASX listing rules, each Director provides notice of such dealings to the Company Secretary within five business days of any such dealing to enable the Company to comply with its corresponding obligation to notify the ASX.

Subject to the insider trading restrictions above, Directors may trade outside the specified periods with approval from the Chairman or in the case of the Chairman intending to trade with approval from the Audit Committee Directors.

(k) Continuous Disclosure and Shareholder Communication

The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. The Board has also adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings.

The Chairman and the Company Secretary have been nominated as the Company's primary disclosure officers. All information released to the ASX is posted on the Company's web-site as soon as practicable after it is disclosed to the ASX. When analysts are briefed on aspects on the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's web-site.

The Company is committed to providing shareholders and stakeholders with extensive, transparent, accessible and timely communications on the Company's activities, strategy and performance. In addition, the Company makes all market announcements, media briefings, details of shareholders meetings, press releases and financial reports available on the Company's website www.blackmountainresources.com.au.

(l) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

ASX Best Practice Recommendations

The table below identifies the ASX Corporate Governance Principles and Recommendations (Principles) and whether or not the Company has complied with the recommendations during the reporting period:

	Recommendation	Complied	Note
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	✓	
1.2	Disclose the process for evaluating the performance of senior executives	✓	
1.3	Provide the information indicated in the Guide to reporting on Principle 1	✓	
2.1	A majority of the board should be independent directors	✓	
2.2	The chair should be an independent director	✓	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	✓	
2.4	The board should establish a nomination committee	✗	Note 1
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors	✓	
2.6	Provide information indicated in the Guide to reporting on Principle 2	✓	
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account heir legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and 	✓	

	Recommendation	Complied	Note
	investigating reports of unethical practices		
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy	✓	
3.3	Provide information indicated in the Guide to reporting on Principle 3	✓	
4.1	Establish an audit committee	✗	Note 2
4.2	Structure the audit committee so that it: <ul style="list-style-type: none"> • consist only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members 	✗	Note 2
4.3	The audit committee to have a formal charter	✓	
4.4	Provide the information indicated in the Guide to reporting on Principle 4	✓	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies	✓	
5.2	Provide the information indicated in the Guide to reporting on Principle 5	✓	
6.1	Design communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	✓	
6.2	Provide the information indicated in the Guide to reporting on Principle 6	✓	
7.1	Establish policies for oversight and management of material business risks and disclose a summary of those policies	✓	
7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. Disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	
7.3	Disclose whether assurance has been received from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide information indicated in the Guide to reporting on Principle 7	✓	
8.1	Establish a remuneration committee	✗	Note 1
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	✓	
8.3	Provide the information indicated in the Guide to reporting on Principle 8	✓	

Note 1: The Principles recommend that companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and that companies should have a structure to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

(a) Recommendation 2.4 – Nomination Committee

Recommendation 2.4 of the Principles states that the board should establish a nomination committee that should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and

- has at least three members.

The Board does not have a separate nomination committee. The Board, as a whole, serves as a nomination committee and acts in accordance with the Nomination and Remuneration Committee Charter. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate nomination committee.

The responsibility for the selection of potential directors lies with the full Board of the Company. A separate nomination committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the nomination committee and to regularly review membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance and consideration of appointments and approvals.

When a Board vacancy occurs, the Board acting as the nomination committee, identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re-election every three (3) years.

(b) Recommendation 8.1 – Remuneration Committee

Recommendation 8.1 of the Principles states that the board should establish a remuneration committee that should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

The Board does not have a separate remuneration committee. The Board, as a whole, serves as a remuneration committee and acts in accordance with the Nomination and Remuneration Committee Charter. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate remuneration committee.

The responsibility for remuneration of directors and senior management lies with the full Board of the Company. A separate remuneration committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the remuneration committee and will review remuneration issues at regular Board meetings.

Given the size of the Board and the Company, the Board considers that this function is efficiently achieved by the full Board. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Company, the Board will reconsider the establishment of a remuneration committee to ensure compliance with the Principles where possible.

Note 2: The Principles recommend that companies should have a structure to independently verify and safeguard the integrity of their financial reporting. Recommendation 4.1 of the Principles states that the board should establish an audit committee.

Recommendation 4.2 of the Principles states that the audit committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members.

The Board does not have a separate audit committee. The Board, as a whole, serves as a remuneration committee and acts in accordance with the Audit and Risk Management Committee Charter. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate audit committee.

The responsibility for preparation of financial statements and their audit lies with the full Board of the Company. A separate audit committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the audit committee and will review audit issues at regular Board meetings.

Given the size of the Board and the Company, the Board considers that this function is efficiently achieved by the full Board. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Company, the Board will reconsider the establishment of an audit committee to ensure compliance with the Principles where possible.