

## **NIUMINCO GROUP LIMITED - CORPORATE GOVERNANCE REPORT**

Niuminco Group Limited is committed to best practice corporate governance, and has reviewed all its practices in line with ASX Corporate Governance Council's principles of good corporate governance and best practice recommendations.

Under ASX Listing Rule 4.10.3, listed companies must disclose the extent to which they have followed the ASX Principles, and if any of the recommendations have not been followed then the Company must explain why not.

The Company is considered a 'micro-cap' listing, and accordingly some of the principles and recommendations are unable to be achieved in a cost effective or practical manner, having regard to the resources available. These issues are still considered important in our corporate governance system, and alternate but less formal policies exist to ensure integrity in these areas. The Council recognises that the same efficiencies experienced by larger entities may not be appropriate for smaller companies by adopting certain principles or recommendations.

Notwithstanding this, the board has made every effort to address each principle and effect suitable policies or strategies where possible.

Detailed below are comments made in relation to the Company's policies for each ASX Corporate Governance Council principle.

### **Principle 1 – Lay solid foundations for management and oversight**

Niuminco Group Limited supports a clear segregation of duties between management and the Board of Directors.

The board is responsible for the general overseeing of the Company, including strategic and corporate planning, risk management, financial reporting, and setting policy framework. The board has a formal charter detailing its functions, structure and responsibilities.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals. The Managing Director is currently responsible for the day to day management of the Company.

To ensure a clear understanding of directors' corporate expectations, the Company has issued formal letters of appointment for both executive and non-executive directors, fully describing each person's role and duties.

The Company currently does not have any senior executives in addition to the board members. Therefore the Company does not undertake performance assessments of senior executives.

### **Principle 2 – Structure the board to add value**

The procedures for election and retirement of the Directors are governed by the Company's Constitution, the Corporations Act and the Listing Rules.

The number of Directors must be not less than 3 nor more than such number as the Directors determine. There is no requirement for any shareholding qualification. A minimum of half of the number of Directors should be independent non-executive directors. Currently, there is a majority of independent non-executive directors.

Given the Company's background, the nature and size of its business and the current stage of its development, the Board believes a board of this size is both appropriate and acceptable. It is considered that the Directors possess a broad range of skills, qualifications and industry experience encompassing the current and proposed activities of the Company. The details of the Directors, their experience, qualifications and term of office are set out in the Directors' Report.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to supervise adequately the Company's affairs determined within the limitations imposed by the Company's constitution and as circumstances demand. The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Under the Company's constitution the tenure of Directors (other than the managing director) is subject to reappointment by Shareholders not later than the 3rd anniversary following his or her last appointment. A Managing Director may be appointed for any period and on any terms the Board thinks fit and, subject to the terms of any agreement entered into, the Board may revoke any such appointment.

The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. As the Group's activities develop in size, nature and scope, the implementation of a formal corporate governance committee will be given further consideration.

Directors are required to take into consideration any conflicts when accepting appointment to other boards.

The board currently consists of the following directors, whose experience and expertise are detailed below:

- Mr T Lake	Managing Director	Non-independent
- Mr T Willsteed	Chairman	Independent
- Prof I Plimer	Non-Executive Director	Independent

#### Tracey Lake – Managing Director

Mr Lake B.Comm (Major – Accounting & Finance) has held the position of Chief Executive Officer and been a principal shareholder in both private and public companies, and has over 35 years business experience in a number of industries.

#### Terence Willsteed – Chairman

Mr Willsteed B.E (Mining) (Hons), is a Fellow of the Australasian Institute of Mining and Metallurgy and has, since 1973, been the Principal of consulting mining engineers, Terence Willsteed & Associates. His forty year career in the mining industry has included senior management, operational and engineering positions with Zinc Corporation Ltd, Mt Isa Mines Ltd and Consolidated Goldfields Australia Ltd.

In his consulting experience, Mr Willsteed has been involved in the assessment and development of a wide range of mineral, coal and oil shale projects, and has participated in the management of developing and operating mineral projects both in Australia and internationally.

Mr Willsteed is a director of International Ferro Metals Limited, South American Ferro Metals Limited, Vantage Gold Limited, Nickel Mines Limited, Takordi Gold Limited and Goldsearch Limited.

### Professor Ian Plimer – Non-Executive Director

Professor Ian Plimer BSc [Hons], PhD, FGS, FTSE, FAusIMM, is Emeritus Professor at The University of Melbourne where he was Professor and Head (1991-2005). He was Professor of Geology (University of Newcastle 1985-1991) and Professor of Mining Geology (University of Adelaide 2005-2012). He has been awarded the prestigious Leopold von Buch Medal for Science, the Centenary Medal, the Eureka Prize (twice) and is a Fellow of the Academy of Technological Sciences and Engineering, a Fellow of the Geological Society of London and a Fellow of the Australasian Institute of Mining and Metallurgy.

Professor Plimer's main geological interests are in ore deposits in base metal deposits (particularly in Broken Hill) and epithermal precious metals. He serves on the Boards of listed companies Silver City Minerals Ltd [ASX:SCI; 21st Feb. 2011-present]; Kefi Minerals Ltd (AIM:KEFI); (Nov. 2006-present); Lakes Oil NL [ASX:LKO], (27th January 2013 – present), Sun Resources NL (23th September 2014 – present) and unlisted companies Hancock Prospecting companies [Roy Hill Holdings Pty Ltd, Hope Downs Iron Ore Pty Ltd, Queensland Coal Investments Pty Ltd] and TNT Mines Ltd. He was on the Boards of CBH Resources Ltd (1998-2010), Ormil Energy Ltd (2010-2012) and Inova Resources Ltd (2007-2013).

In accordance with recommendation 2.1 of the ASX Corporate Governance Council the Company has a majority of independent directors.

The Board is satisfied it has measures to ensure sufficient independent judgement is achieved, including the following:

- Directors are able to seek independent professional advice in the furtherance of their duties as directors at the Company's expense, subject to the Chairman's prior approval
- Where Directors have a conflict of interest in relation to a matter of business, they must abstain from voting on the issue.

The Company meets the ASX Corporate Governance Council recommendations 2.2 and 2.3 namely, that the roles of chair and chief executive should not be exercised by the same person and that the Chairman should be independent.

The Board will review the composition of the Board and management of the Company as it goes forward as a listed entity.

### **Principle 3 – Promote ethical and responsible decision-making**

The Board has established a code of conduct to promote a continual ethical and responsible decision making process for directors and key executives. The code embraces the values of integrity, accountability and equality and to enhance the performance and reputation of the Company.

Whilst the Board has not implemented a formal diversity policy due to the size of the Company it believes that the promotion of diversity in senior management and within the Company generally is good practice.

The Board has not set measurable objectives for achieving gender diversity at this time. The Company has no employees and no women members of the Board. As the Company increases in size the Board will review its practices and implement formal diversity policies as appropriate to its activities.

The Company has also developed and communicated a formal policy to officers and employees for trading in the Company's shares, to complement the existing statutory restrictions such as the Corporations Act 'insider trading' provisions.

Directors must advise the Company of any dealings in the Company's shares, and the Company is required to advise the ASX of these transactions within 5 business days.

#### **Principle 4 – Safeguard integrity in financial reporting**

The Managing Director has stated in writing to the board that the financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The Company has an Audit Committee, which comprises  
Mr T Lake  
Mr T Willsteed  
Mr M Ohlsson as secretary

The primary functions of the Audit Committee are:

- (a) ensuring appropriate Group accounting policies and procedures are defined, adopted and maintained;
- (b) ensuring that Group operating and management reporting procedures, and the system of internal control, are of a sufficiently high standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- (c) reviewing the Group Financial Statements and approval;
- (d) reviewing the scope of work including approval of strategic and annual audit plans and effectiveness of the external audit functions across the Group;
- (e) monitoring the proper operation of issues raised;
- (f) ensuring that appropriate processes are in place to ensure compliance with all legal requirements affecting the Group;
- (g) ensuring that all internal and industry codes of conduct and standards of corporate behaviour are being complied with;
- (h) responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), monitoring of effectiveness, and independence of the external auditors.
- (i) actioning any other business processes or functions which may be referred to it by the Board of Directors.

The Board of Directors as a whole is responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory review. External audit engagement partners will be rotated every 5 years.

#### **Principle 5 – Make timely and balanced disclosure**

Numinco Group Limited is committed to ASX continuous disclosure provisions, and to ensuring that all relevant information concerning the Company is made available to investors on an equal and timely basis.

The Company has incorporated a policy on continuous disclosure into its code of conduct document, which has been promoted to all officers and employees.

#### **Principle 6 – Respect the rights of shareholders**

The Company promotes active and informed shareholding, and welcomes questions from shareholders at any time. At the Company's annual AGM, shareholders are given every opportunity to participate at question time, and may submit written questions to the board or auditors prior to the meeting.

The external auditor is required to attend the AGM and is available to answer any shareholder questions regarding the conduct of the audit, and the preparation and content of the auditor's report.

### **Principle 7 – Recognise and manage risk**

The board is responsible for overseeing and assessing the effectiveness of the risk management policy.

The Managing Director (or equivalent) is responsible for implementing the policy and regularly reporting to the board. Risk management areas may be delegated to other executive directors who must keep the Chairman informed on issues for which they have become responsible.

The Board considers risk management on an ongoing basis.

The Managing Director has stated to the board in writing that the statement given in accordance with best practice recommendation 7.3 (the integrity of financial statements) 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.

### **Principle 8 – Remunerate fairly and responsibly**

The board has decided at this time not to establish a separate remuneration committee due to the current size of the entity and its operations. The board will review the requirement of a committee as the scale of operations and structure increase. Therefore the board will be responsible for determining and reviewing compensation arrangements for the directors themselves, the Managing Director and the other executives.

The Company has prepared a formal charter which sets out the role and responsibilities of the board and has established a remuneration policy.

Non-executive directors are remunerated by way of fees, which is clearly distinguished from the remuneration for executive directors. The Group does not have any schemes for retirement benefits. In view of the contribution of the non-executive directors and advancing the interest in the Company, the Board considers that non-executives directors may continue to be rewarded with options. It is not considered that this will significantly affect their independence in light of their experience and reputation.