

## **BATHURST RESOURCES LIMITED**

### **CORPORATE GOVERNANCE STATEMENT 2015**

#### **Corporate governance**

The board and management are committed to ensuring that Bathurst Resources Limited (“Bathurst”) maintains best practice governance structures and adheres to the highest ethical standards. The board regularly reviews and assesses Bathurst’s governance structures and processes to ensure that they are consistent with best practice, both in form and substance.

#### **Compliance framework**

Bathurst is incorporated in New Zealand, is registered as a foreign company in Australia, and its shares are listed on the Australian Securities Exchange (“ASX”), so it is required to comply with the relevant corporate legislation of New Zealand and Australia as well as the listing rules of the ASX.

The ASX listing rules require listed companies to include in their Annual Report either a corporate governance statement (“Statement”) which meets the requirements of the listing rules or the URL of the page on its website [www.bathurstresources.co.nz](http://www.bathurstresources.co.nz) where such Statement is located.

The Statement must disclose the extent to which the company has complied with the recommendations of the ASX Corporate Governance Council (“Recommendations”) during the reporting period. These Recommendations are guidelines designed to improve the efficiency, quality and integrity of the company. Where a company has not followed all the Recommendations, this Statement must identify which Recommendations have not been followed and give reasons for not following them and what (if any) alternative governance practices it has adopted.

The board of Bathurst has reviewed the requirements and maintained or adopted practices and policies during the financial period consistent with Bathurst’s operations and culture. The board will continue to monitor developments in the governance area and carry out regular reviews of governance policies and practices. Bathurst considers that its corporate governance practices comply with the Recommendations.

#### **BOARD OF DIRECTORS**

##### **(a) Board composition and expertise**

The Bathurst board has an extensive range of relevant industry experience, financial and other skills and expertise to meet its objectives. The current board composition comprises three independent, non-executive directors (including the chair) and one executive director. The board considers that the non-executive directors collectively bring the range of skills, knowledge and experience necessary to direct the company.

A profile of each director setting out their skills, experience, expertise and period of office is set out in the directors’ report. The following matrix summarises the consensus assessment of the current skills and diversity of the board as a whole:

Skills & Experience		Diversity / Demographic Background	
Corporate governance	Medium	<i>Gender</i>	
Strategic planning	High	Male	4
International	Sound	Female	0
Mining/exploration industry	High	<i>Age</i>	
Risk management	High	25-40	0
Financial management	Medium	41-55	4
Technology/IT	Sound	56-70	0
Digital/social media	Sound	<i>Ethnicity</i>	
Leadership	High	M ori	1
Legal	Medium	White / Caucasian	3
Stakeholder relationships	High	Asian / Other	0

In accordance with the listing rules, at each Annual General Meeting (“AGM”) any director (excluding one managing director or an executive director performing this role) who has held office for three years since their last election, and any director appointed to fill a casual vacancy or as an addition to the board, must retire. Whether or not any director is due to retire at an AGM the listing rules require that there must be an election of at least one director each year. Directors who retire are eligible to offer themselves for re-election by shareholders at the AGM subject only to the policy below.

Bathurst policy is that a director should, subject to circumstances prevailing at the time and the company’s ability to find a suitable replacement, aim to retire from the board at the conclusion of the AGM occurring after the tenth anniversary of the director’s first appointment or election to the board.

**(b) Board role and responsibilities**

The central role of the board is to oversee and approve the company’s strategic direction, to select and appoint a managing director or Chief Executive Officer (“CEO”), to oversee the company’s management and business activities, and report to shareholders.

The relationship between the board and senior management is critical to the group’s long-term success. The directors are responsible to the shareholders for the performance of the group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the group as a whole.

The roles and responsibilities of the board are formalised in the board charter, which defines in detail the matters that are reserved for the board and its committees, and those that the board has delegated to management.

The chair is responsible for leadership of the board, for the efficient organisation and conduct of the board’s function and for the promotion of relations between board members and between board and management that are open, cordial and conducive to productive cooperation. The CEO is responsible for implementing group strategies and policies. The board charter specifies that these are separate roles to be undertaken by separate people.

The company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Bathurst board charter states:

- the board is to be comprised of both executive and non-executive directors with a majority of non-executive directors – non-executive directors bring a fresh perspective to the board's consideration of strategic, risk and performance matters
- in recognition of the importance of independent views and the board's role in supervising the activities of management, the chair must be an independent non-executive director
- the majority of the board must be independent of management and all directors are required to exercise independent judgement and review and constructively challenge the performance of management
- the chair is elected by the full board and is required to meet regularly with the CEO, and
- the chair of the board is responsible for determining the process for evaluating board performance. Such evaluations are conducted at least annually and will focus on the effectiveness of the board function and whether there continues to exist an appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the group.

The board charter is available in the corporate governance section of Bathurst's website.

In addition to matters required by law to be approved by the board, the powers reserved to the board for decision are:

- strategy – providing strategic oversight and approving strategic plans and initiatives
- board performance and composition – evaluating the performance of non-executive directors, and determining the size and composition of the board as well as recommending to shareholders the appointment and removal of directors
- leadership selection – evaluating the performance of, and selection of, the CEO and those key executives reporting directly to the CEO; review on a regular basis appropriate succession planning for the CEO
- corporate responsibility – considering the social, safety, ethical and environmental impacts of the group's activities, and setting policy and monitoring compliance with safety, corporate and social policies and practices
- financial performance – approving Bathurst's annual operating plans and budget, monitoring management, financial and operational performance
- continuous disclosure – ensuring processes are established to capture issues for the purposes of continuous disclosure to the ASX
- financial reports to shareholders – approving annual and half-year reports and disclosures to the market that contain, or relate to, financial projections, statements as to future financial performance or changes to the policy or strategy of the company, and
- establishing procedures – ensuring that the board is in a position to exercise its power and to discharge its responsibilities as set out in the board charter.

### **(c) Director independence**

The independent directors of the company at the date of this Statement are Toko Kapea (chair), Russell Middleton and Peter Westerhuis. These directors are independent as they are non-executive directors who are not, and never have been, members of management, who do not have a material holding of, or any, shares in the company, and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The role of executive director/CEO is filled by Richard Tacon.

The board has approved a policy on independence of directors, a copy of which is available in the corporate governance section of Bathurst's website.

On appointment, each director is required to provide information to the chair to assess and confirm their independence as part of their consent to act as a director. At the date of this report, the chair considers that the three non-executive directors on the board are independent.

### **(d) Board and senior executive performance evaluation**

The board, in conjunction with the R&N committee, reviews the size and composition of the board and the mix of existing and desired competencies across members from time to time. Criteria considered by the directors when evaluating prospective candidates are contained in the board charter.

The chair of the board is responsible for ensuring that a regular review of the performance of the board, committees and individual directors occurs at least annually, and has done this during the reporting period ended 30 June 2015. The chair is responsible for determining the process under which this evaluation takes place.

The board reviews annually the size and composition of the board and the mix of existing and desired competencies across directors. The board may engage an independent recruitment firm to undertake a search for suitable candidates if and when an additional director is considered appropriate.

The board is responsible for evaluating the performance of senior executives. The board evaluates the performance of senior executives via an ongoing process of assessment and a formal annual review. During the formal review, the senior executive's performance is measured against their role's assessment criteria. Such performance evaluation was undertaken in the reporting period ended 30 June 2015.

### **(e) Nominations and appointment of new directors and succession planning**

Recommendations for nomination of new directors are considered by the R&N committee and approved by the board as a whole. The R&N committee reviews director appointments having regard to the candidate's commercial experience, skills and other qualities. External consultants may be used from time to time to access a wide base of potential directors.

Bathurst ensures that appropriate checks are undertaken before it appoints a person, or puts forward to shareholders a new candidate for election as a director. Information about a

candidate standing for election or re-election as a director is provided to shareholders to enable them to make an informed decision on whether or not to elect or re-elect the candidate.

Bathurst provides new directors with a letter on appointment which details the terms and conditions of their appointment, provides clear guidance on what input is required by them, and includes materials to assist with induction into the company. The new director induction programme includes visits to the company's mining sites and meeting field staff. Directors are also encouraged to undertake appropriate training and refresher courses which the company facilitates as this assists in the performance of their roles.

The company has a similar approach for all senior executives whereby they are provided with a formal letter of appointment setting out their terms of office, duties, rights and responsibilities as well as a detailed job description.

The board recognises the impact of board tenure on succession planning and that board renewal is critical to performance. Each director, other than the executive director, must not hold office (without re-election) past the third AGM following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the board, must not hold office (without re-election) past the next AGM. At each AGM a minimum of one director must stand for re-election. A director who retires at an AGM is eligible for re-election at that meeting and the re-appointment of directors is not automatic.

**(f) Professional advice**

Directors may, in carrying out their company related duties, seek external professional advice. If external professional advice is sought, a director is entitled to reimbursement of all reasonable costs where such a request for advice is approved in writing by the chair. In the case of a request by the chair, approval is required by at least two other directors.

**(g) Conflicts of interest**

The board has approved directors' Conflict of Interest Guidelines (contained in the Board Code of Conduct) which applies if there is, or may be, a conflict between the personal or other interests of a director.

A director with an actual or potential conflict of interest in relation to a matter before the board does not receive the board papers relating to that matter, and when the matter comes before the board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision-making process.

**(h) Board meetings**

The chair sets the agenda for each meeting in conjunction with the CEO and the company secretary. Any director may request additional matters be added to the agenda. Board and committee papers are provided to directors, where possible, five business days prior to the relevant meeting. Copies of board papers are circulated in either electronic or hard copy form. Directors are entitled to request additional information where they consider the information is necessary to support informed decision-making.

Meeting attendances during the financial year ended 30 June 2015 by current directors (number attended/number held):

<b>Director</b>	<b>Board</b>	<b>R&amp;N</b>	<b>A&amp;R</b>	<b>HSEC</b>
Mr T Kapea	13/13	1/1	3/3	2/2
Mr R Tacon	3/3			1/1
Mr R Middleton	3/3			
Mr P Westerhuis	3/3	1/1		1/1

**(i) Board committees and membership**

The board has established three committees to assist in the discharge of its responsibilities. These are:

- Remuneration and Nomination (“R&N”)
- Health, Safety, Environment and Community (“HSEC”)
- Audit and Risk (“A&R”)

It is considered that with a relatively small company such as Bathurst it is not practical to split the R&N and A&R committees into separate units as per the Recommendations. The charters of all board committees detailing the roles and duties of each are available in the corporate governance section of Bathurst’s website. All board committee charters are reviewed at least annually.

At 30 June 2015, the membership of each board committee is shown in the relevant section below. Details of the director-members’ qualifications are set out in the directors’ report. At the present time these committees all have only two directors each because of the relatively small size of the board and the desire to restrict the membership of at least the R&N and A&R committees to independent non-executive directors. The executive director can attend the committee meetings by invitation. All papers considered by the committees are available on request to directors who are not on that committee.

Following each committee meeting, generally at the next board meeting, the board is given a verbal update by the chair of each committee. In addition, minutes of all committee meetings are available to all directors.

**1. Remuneration and Nomination committee**

The R&N committee currently consists of the following non-executive independent directors:

- Toko Kapea (chair)
- Peter Westerhuis

The board has adopted an R&N committee charter which describes the role, composition, functions and responsibilities of the R&N committee.

One of the key functions of this committee is the consideration of the remuneration of directors and senior executives.

Non-executive directors’ remuneration is reviewed periodically with reference to comparable businesses and the trend in directors’ fees generally, with the object of ensuring maximum stakeholder benefit from the retention of an effective board. Shareholders, at the company’s

AGM, determine any increase in the aggregate fees payable to non-executive directors, but it is those directors who decide amongst themselves the split of such remuneration. The current maximum annual aggregate remuneration which can be paid to all non-executive directors is \$1,000,000.

The CEO's remuneration is based on a fixed amount and may include cash or equity-based short or long term incentives linked to the company's agreed performance criteria. The base amount is designed to attract and retain an appropriately qualified and experienced CEO, and any incentive element is to reward him for his contribution towards the company's success.

Other senior executives are offered remuneration packages, which may include equity-based incentives, necessary to attract and retain appropriately qualified key personnel as well as being commensurate with the skill and attention required to manage an organisation of the size and scope of Bathurst as it is today and taking into account its plans and forecasts into the future. However, the board prohibits transactions by executives which might limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.

Further information about the Bathurst remuneration policy, along with details of all emoluments of directors and senior executives can be found in the remuneration report section of the annual report.

## **2. Health, Safety, Environment and Community committee**

The HSEC committee currently consists of the following directors:

- Peter Westerhuis (chair)
- Richard Tacon

The board has adopted an HSEC committee charter which describes the role, composition, functions and responsibilities of the HSEC committee.

The primary function of this committee is to assist the board in enabling Bathurst to operate its businesses safely, responsibly and sustainably. The committee oversees and monitors the promotion, establishment and integration across Bathurst of the principles of health, safety, environment and community as the foundations of good management and good business.

The committee has oversight of and review of:

- Bathurst's actions to meet its duty to ensure the protection of people and the environment
- initiatives to enhance Bathurst's sustainable business practices and reputation as a responsible corporate citizen
- integration of HSEC in the formulation of Bathurst's corporate strategy, risk management framework, and people and culture priorities, and
- Bathurst's compliance with all relevant legal obligations on the matters within the committee's responsibilities.

As the company does have some exposure to economic, environmental and social sustainability risks, these are actively managed by the CEO and senior executives in consultation with the committee and the board as necessary.

### **3. Audit and Risk committee**

The A&R committee currently consists of the following non-executive independent directors:

- Russell Middleton (chair)
- Toko Kapea

The A&R committee comprises two non-executive independent directors of the company. The chair of the committee is not the chair of the board. The chair and members of the committee are appointed by the board and may be appointed for specified terms. Membership of the committee is reviewed annually by the board.

The external auditors, the CEO and the financial controller attend committee meetings by invitation.

The A&R committee operates in accordance with a charter. Its role is to assist the board in meeting its oversight responsibilities in relation to the company's financial reporting, internal control structure, corporate governance policies and practices, financial risk management procedures and the external audit function. In doing so, it is the committee's responsibility to maintain free and open communication between the committee members, the external auditors and the management of Bathurst.

Periodic reviews, undertaken at least annually by the committee, evaluate and continually look to improve the effectiveness of the company's risk management and internal control processes to ensure that they are soundly based in relation to the business and the environment in which the company operates. Such review was undertaken during the most recent reporting period.

The A&R committee may consult independent experts and institute special investigations if it considers it necessary in order to fulfil its responsibilities. Furthermore, the A&R committee has the authority to seek any information it requires from any officer or employee of the company or its controlled entities, and such officers or employees shall be instructed by the board of the company employing them to respond to such enquiries.

The company has established procedures for the selection, appointment and rotation of its external auditor. The board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the A&R committee. Candidates for the position of external auditor must demonstrate complete independence from the company throughout the engagement period. The board may otherwise select an external auditor based on criteria relevant to the company's business and circumstances.

The company and A&R committee policy is to appoint external auditors who demonstrate experience and independence. PwC was appointed as the external auditor in 2013. The performance of the external auditor is reviewed annually by the A&R committee and any recommendations are made to the board. Applications for tender of external audit services

are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the directors' report and in the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor attends the AGM and is available to answer shareholders questions about the conduct of the audit and the preparation and content of the audit report.

At this time the company does not have a separate internal audit function due to its relatively small size and less complex financial and organisational structures. The CEO and senior executives have operational responsibility for risk management through board approved guidelines. Some of these measures include formal authority limits for management to operate within. The CEO is required to report to the board on any departures from policy or matters of concern that might be seen as or become material business risks.

In addition, the board receives monthly reports about the financial condition and operational results of Bathurst and its controlled entities. The CEO and the financial controller provide, at the end of each six monthly period, a formal declaration to the board before the financial statements are approved that, in their opinion, the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and that the operational results have been prepared in accordance with the relevant accounting standards.

The declaration also confirms the integrity of the company's financial statements and notes to the financial statements, and that the opinion is founded on a sound system of risk management and internal compliance and control which implements the policies approved by the board, and that Bathurst's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

## **ADDITIONAL CORPORATE GOVERNANCE DISCLOSURES**

### **(a) Code of conduct**

The board has approved a Code of Conduct for directors and employees, which describes the standards of ethical behaviour that directors and employees are required to maintain. The company promotes the open communication of unethical behaviour within the organisation.

Compliance with the Code of Conduct assists Bathurst in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing the company's corporate reputation.

The Code of Conduct describes the company's requirements on matters such as confidentiality, conflicts of interest, use of company information, sound employment practices, compliance with laws and regulations, and the protection and safeguarding of company assets.

A copy of the company's Code of Conduct is available on Bathurst's website.

## **(b) Continuous Disclosure**

The Bathurst board is committed to the promotion of investor confidence by ensuring that trading in the company's securities takes place in an informed market. In this regard, the board has approved a Continuous Disclosure Policy (available on the company's website) to assist compliance with the company's continuous disclosure requirements under the ASX listing rules and ensure that material price sensitive information is identified, reviewed by management, disclosed to the ASX and published on the company's website in a timely manner.

In addition, all changes in directors' interests in the company's securities are promptly reported to the ASX in compliance with the ASX listing rules.

The company's annual report is also used to keep investors informed of its activities, particularly in its review of operations.

## **(c) Investor Relations**

Bathurst supports its desire to provide shareholders with adequate information about the company and its activities through its website [www.bathurstresources.co.nz](http://www.bathurstresources.co.nz) which provides access to all recent ASX announcements, shareholder updates, notices of meetings, explanatory memoranda, annual reports and key contact details, as well as comprehensive information about the company, its products and operations, and its governance. Shareholders and other interested parties may sign up to receive email notification of all ASX releases and other important announcements.

A printed copy of the company's annual report is posted to all shareholders who request one, or it can be emailed to shareholders on request. Shareholders can elect to receive and send all communications electronically if they prefer.

Company general meetings also represent a good opportunity for shareholders to meet with, and ask questions of, the board of Bathurst and all shareholders are notified of such meetings and encouraged to attend. The company's investor relations policy also provides that any specific shareholder enquiries during the year will be responded to promptly (provided that any market sensitive information has previously been released through the ASX).

## **(d) Share Trading Policy**

The company's Share Trading Policy is binding on all directors and employees. The policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for, or are associated with, Bathurst and is intended to assist in maintaining market confidence in the integrity of dealings in the company's securities.

The policy stipulates that a director or employee may deal in the company's securities except when he or she is in possession of "price sensitive information" that is not generally available to the share market and during closed periods. A director or company secretary wishing to

deal in the company's securities may only do so after first having advised the chair of his or her intention (and the chair must inform the board if he wishes to deal). An employee wishing to deal must first notify the CEO or company secretary before doing so. Confirmation of any dealing must also be given by the director or employee within five business days after the dealing.

Directors' and employees' dealings in the company's securities are also subject to specified closed periods which are set out in the company's Share Trading Policy or as otherwise determined by the board from time to time, although the board may consider some limited exceptions in certain circumstances.

A copy of the company's Share Trading Policy is available in the corporate governance section of Bathurst's website.

**(e) Diversity Policy**

The company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the company has developed a Diversity Policy which is available on the company's website. This policy outlines the company's diversity objectives in relation to gender, age, cultural background and ethnicity.

The policy includes requirements for the board to establish measurable objectives and appropriate strategies for achieving diversity. The policy provides for the board to monitor annually both the objectives and the company's progress in achieving them. The board recognises that diversity offers a broad spectrum of benefits, including:

- access to a larger pool of quality employees
- improved employee retention
- insight into different ideas and perspectives, fostering innovation, and
- benefiting from all available talent.

The board encourages diversity across the company and in senior leadership roles. The proportion of female employees in the whole organisation is currently 16% with 50% at senior management level and nil per cent at board level.

Measurable objectives	Progress
<p>1. Responsibilities for objectives and strategies</p> <p>The board will consider whether responsibilities for developing measurable objectives and strategies to meet the broader objectives of the Diversity Policy, including gender diversity and monitoring and reporting against those objectives, should be delegated to a subcommittee of the board.</p>	<p>The R&amp;N committee has been given these responsibilities. The charter for this committee has been updated to reflect these responsibilities.</p>
<p>2. Analysis</p>	<p>The area and position levels have been identified. The proportion of female employees in the whole organisation is</p>

Identify the various area and position levels within the organisation and identify the current gender balance across those groups.	currently 16% with 50% at senior management and nil per cent at board level. Consideration will be given in the coming financial year as to whether it is appropriate to set goals to increase the representation of women in any particular area and/or position levels within the organisation.
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With respect to the provisions of the Diversity Policy, the board has determined that the company has complied with the policy.

The following table shows the number of men and women across the organisation (excluding contractors) as at 30 June 2015 and compares that to numbers as at 30 June 2014.

<b>30 June 2015</b>	Total	No. of men	% men	No. of women	% women
Board*	4	4	100%	0	0%
Senior executives	6	3	50%	3	50%
Other employees	107	91	85%	16	15%
<b>30 June 2014</b>	Total	No. of men	% men	No. of women	% women
Board*	5	5	100%	0	0%
Senior executives	6	3	50%	3	50%
Other employees	85	66	78%	19	22%

\*includes the executive director/CEO

This Statement is current as at 23 October 2015 and was approved by the Board of Directors of Bathurst Resources Limited on that date.