

Mount Ridley Mines Limited
Corporate Governance Statement

The Board of Directors ('Board') of Mount Ridley Mines Limited ('the Company') and its controlled entities ('the Group') is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations. A copy of the statement can be found on the Company's website at www.mtridleymines.com.au/Corporate/Corporate-Governance.

Principles and Recommendations	Compliance	Comply	
Principle 1 – Lay solid foundations for management and oversight			
1.1	<p>Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.</p>	<p>The Board is responsible for the overall corporate governance of the Company.</p> <p>The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. A summary of those matters is set out in this Corporate Governance Statement.</p> <p>The Board has adopted a Delegations of Authority that sets limits of authority for senior executives.</p> <p>On appointment of a Director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.</p>	Complies.
1.2	<p>Disclose the process for evaluating the performance of senior executives.</p>	<p>Senior executives prepare strategic objectives that are reviewed and signed off by the Board. These objectives must then be met by senior executives as part of their key performance targets. The Chairman then reviews the performance of the senior executives against those objectives. The Board reviews the Chairman's compliance against his and the Company's objectives. These reviews occur annually.</p>	Complies.
1.3	<p>Provide the information indicated in the <i>Guide to reporting on Principle 1</i>.</p>	<p>A summary of the Board Charter is in this Corporate Governance Statement.</p> <p>The performance evaluation process for senior executives is summarised in this Corporate Governance Statement.</p> <p>The Board conducted a performance evaluation for senior executives in the financial year in accordance with the process summarised in this Corporate Governance Statement.</p>	Complies.

Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	<p>The Company has only one independent Director being Mr Michael Pedley as Non-Executive Chairman.</p> <p>Mr Ashley Hood is not considered independent by virtue of his position as Managing Director.</p> <p>Mr Guy Le Page is not considered independent as result of his significant shareholding in the Company.</p> <p>Mr Keith Bowker is not considered independent as result of his consultancy relationship with the Company.</p> <p>The Directors are satisfied that the composition and structure of the Board is appropriate for the size of the Company and the nature of its operations. The membership of the Board, its activities and composition is subject to periodic review.</p>	Does not comply.
2.2	The Chair should be an independent director.	The Chairman of the Board, Mr Michael Pedley, is considered an independent Director.	Complies.
2.3	The roles of Chair and Chief Executive Officer or Managing Director should not be exercised by the same individual.	Mr Michael Pedley is the Chairman and Mr Ashley Hood is the Managing Director.	Complies.
2.4	The Board should establish a nomination committee.	<p>The Company has not established a separate nomination committee. Given the Company's current size and nature of activities, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. Accordingly, the duties of the nomination committee are currently undertaken by the full Board. Each year the Board will review the necessity or ability to establish a separate nomination committee and, if appropriate, delegate certain responsibilities to such a committee.</p> <p>The Board has adopted a Nomination Committee Charter which it follows when considering matters that would usually be considered by a nomination committee.</p>	Does not comply.

Principle 2 – Structure the Board to add value (Cont'd)

2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	<p>The Board has established a Performance Evaluation Policy which covers the Board, its committees, if any, and its individual Directors.</p> <p>The Board as a whole will discuss and analyse its own performance on an annual basis including suggestions for change or improvement from individual Board members and senior management to examine ways to perform its duties more effectively.</p> <p>The Board's induction program provides incoming Directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of Directors for the benefit of the Company.</p>	Complies.
2.6	Provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	<p>The skills, experience and expertise of by each Director are set out in the Directors' Report in the 2016 Annual Report.</p> <p>The Company has one independent Director. A Director is considered independent when he substantially satisfies the test for independence as set out in the ASX Corporate Governance Recommendations. Refer to 2.1 above.</p> <p>Members of the Board are able to take independent professional advice at the expense of the Company, subject to prior consultation with the Chairman.</p> <p>Mr Michael Pedley, Non-Executive Chairman, was appointed to the Board on 5 November 2015.</p> <p>Mr Ashley Hood, Managing Director, was appointed to the Board on 31 August 2016.</p> <p>Mr Guy Le Page, Non-Executive Director, was appointed to the Board on 19 December 2012.</p> <p>Mr Keith Bowker, Non-Executive Director, was appointed to the Board on 5 November 2015.</p> <p>The Board has not established a nomination committee for the reasons set out in 2.4 above.</p>	Complies.

Principle 2 – Structure the Board to add value (Cont’d)

		The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company’s principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company.	
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Principle 3 – Promote ethical and responsible decision making

3.1	<p>Establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the Company’s integrity; • the practices necessary to take into account the Company’s legal obligations and the reasonable expectations of its stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>The Board has adopted a Code of Conduct which provides a framework for decisions and actions in relation to ethical conduct of the Company’s Directors, officers and employees.</p> <p>The Code of Conduct sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from management and employees. The Company encourages the reporting of matters that may cause financial and/or non-financial loss to the Company, or may damage the Company’s reputation. All employees are responsible for reporting circumstances that may involve a breach of the Code of Conduct.</p> <p>The Company also has adopted a Securities Trading Policy that establishes a procedure for dealings in the Company’s securities by Directors, senior executives, employees, and related parties, and also dealings in securities of other entities with whom the Company may have business dealings.</p>	Complies.
3.2	<p>Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.</p>	<p>The Board has established a Diversity Policy and is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level in the Company and on the Board.</p>	Complies.

Principle 3 – Promote ethical and responsible decision making (Cont’d)			
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	The Company is at a stage of its development that the application of measurable objectives in relation to gender diversity, at the various levels of the Company’s business, are not considered to be appropriate nor practical. The Chairman monitors the scope and currency of the Diversity Policy and the Company is responsible for implementing, monitoring and reporting on the measurable objectives. Measurable objectives as set by the Board will be included in the annual key performance indicators for the CEO and/or Managing Director, and senior executives. In addition, the Board will review progress against the objectives as a key performance indicator in its annual performance assessment.	Does not Comply.
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	The Company has disclosed in its Annual Report that it does not currently have any employees. The composition of the Board is fully disclosed.	Complies.
3.5	Provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	The Company has provided explanations of departures from Recommendations in relation to Principle 3.	Complies.
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	The Board believes the Company is not currently of a sufficient size, nor its financial affairs of such complexity to justify the formation of an audit committee. The full Board undertakes the functions normally associated with an audit committee. Each year the Board will review the necessity or ability to establish a separate Audit and Risk Committee and, if appropriate, delegate certain responsibilities to such a committee. The Board has adopted an Audit and Risk Committee Charter which it follows when considering matters that would usually be considered by an audit committee.	Does not comply.

Principle 4 – Safeguard integrity in financial reporting (Cont'd)			
4.2	The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and has at least 3 members.	The Company has not established a separate Audit and Risk Committee for the reasons set out above.	Does not comply.
4.3	The audit committee should have a formal charter.	The Board has adopted a separate Audit and Risk Committee charter to assist it in performing the relevant functions. The Charter sets out the roles and responsibilities of the Audit and Risk Committee and contains information on the procedures for the selection, appointment and rotation of the external auditor.	Complies.
4.4	Provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	The Company has not established a separate Audit and Risk Committee for the reasons outlined above. Therefore, it has not disclosed the names and qualifications of the committee but has disclosed that the functions normally carried out by the committee are performed by the full Board.	Complies.
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has established a Continuous Disclosure Policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. Under the terms of the Continuous Disclosure Policy, the Chairman, Managing Director and Company Secretary are primarily responsible for making decisions about what information will be disclosed to the ASX. Approval is sought from the Board on all significant matters. Employees must inform the Managing Director, Chairman or Company Secretary of any potentially material price or value sensitive information as soon as they become aware of it.	Complies.
5.2	Provide the information indicated in the <i>Guide to reporting on Principle 5</i> .	The Company's Continuous Disclosure Policy is soon to become available on its website together with all other policies, procedures and Board Charters.	Does not comply.

Principle 6 – Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	The Company has designed a Shareholder Communications Policy for promoting effective communication with shareholders and encouraging their participation at general meetings. The Company uses its website, quarterly, interim and annual reports, market announcements and media disclosures to communicate with its shareholders. Additionally, the Company’s auditor representative attends the annual general meetings of the Company to answer any questions raised by shareholders about the conduct of the audit and preparation and content of the auditor’s report.	Complies.
6.2	Provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company’s Shareholder Communications Policy is soon to become available on its website.	Does not comply.
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company has established policies for the oversight and management of material business risks. The Board is responsible for overseeing risk management strategies and policies, internal compliance and internal control. The Risk Management Policy summarised in this Corporate Governance Statement under the section titled ‘Risk’.	Complies.
7.2	The Board should 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. The Board should disclose that management has reported to it as to the effectiveness of the Company’s management of its material business risks.	The Company has identified key risks within the business. In the ordinary course of business, management monitors and manages those risks. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back to the Board quarterly. Key operational and financial risks are presented to and reviewed by the Board at each Board meeting.	Complies.

Principle 7 – Recognise and manage risk (Cont'd)

7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer and Chief Financial Officer 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 efficiently and effectively in all material respects in relation to the financial reporting risks.	The Board has received a statement from the Chief Executive Officer and Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	Complies.
7.4	Provide the information indicated in the <i>Guide to reporting on Principle 7</i> .	<p>Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.</p> <p>The Company has received a statement of assurance from the Chief Executive Officer and Chief Financial Officer (or equivalent)</p> <p>The Risk Management Policy is available on the Company's web site and is summarised in this Corporate Governance Statement under the section titled 'Risk'.</p>	Complies.

Principle 8 – Remunerate fairly and responsibly

8.1	The Board should establish a remuneration committee.	<p>The Board has not established a separate Remuneration Committee. Given the Company's current size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. Accordingly, the duties of the Remuneration Committee are currently undertaken by the full Board. Each year the Board will review the necessity or ability to establish a separate Remuneration Committee and, if appropriate, delegate certain responsibilities to such Committee.</p> <p>The Board has adopted a Remuneration Committee Charter which it follows when considering matters that would usually be considered by a Remuneration Committee.</p>	Does not comply.
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Principle 8 – Remunerate fairly and responsibly			
8.2	The remuneration committee should be structured so that it consists of a majority of independent Directors, is chaired by an independent chair and has at least three members.	Refer to 8.1 above.	Does not comply.
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company has separate policies relating to the remuneration of Non-Executive Directors and that of Executive Directors and senior executives. This information is detailed in the Remuneration Report, which forms part of the Directors' Report in the 2016 Annual Report.	Complies.
8.4	Provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	<p>The Company has not established a Remuneration Committee for the reasons outlined above.</p> <p>The Company does not have any schemes for retirement benefits.</p> <p>Explanations for departures from Recommendations 8.1 and 8.2 are set out above.</p> <p>The Securities Trading Policy, prohibits the hedging of risk of fluctuation of the value of the Company's securities.</p>	Complies.

Mount Ridley Mines Limited's corporate governance practices were in place for the financial year ended 30 June 2016 and to the date of signing the Directors' Report in the 2016 Annual Financial Report.