



**BLACKHAM**  
Resources Limited

## **CORPORATE GOVERNANCE STATEMENT FINANCIAL YEAR ENDED 30 JUNE 2016**

The Board of Directors of Blackham Resources Limited ('Blackham' or 'the Company') is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Blackham on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board aims to develop strategic objectives for the Company, continually review those strategic objectives, and monitor the performance against those objectives. The overriding objective is to provide an acceptable rate of return to the Company's shareholders taking into account the interests of all relevant stakeholders including its employees and the communities in which it operates.

Blackham has adopted policies, procedures and practices as tools to support the Board's strong belief in good corporate governance. Commensurate with the spirit of the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council ('Council'), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements in relation to a recommendation. In compliance with the "if not, why not" regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of its operations.

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the financial year ended 30 June 2016 (Reporting Period).

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

#### **Recommendation 1.1**

The Board has adopted a Charter that sets out the roles and responsibilities of the Board. This may be viewed at the Company's website at <http://blackhamresources.com.au/governance> (Board Charter). The Charter includes, amongst other things that the Board will:

- develop initiatives for profit and assets growth;
- review the financial, commercial, risk management and corporate governance performance of the Company on a regular basis;
- act on behalf of, and being accountable to, the Shareholders;
- be responsible for the appointment and, where appropriate, the removal of the Company's senior management and personnel;
- delegate appropriate powers to the executive directors and senior management to ensure the effective day-to-day management of the business;

- ensure corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy; and
- ensure that policies and procedures are in place consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

Senior executives are responsible for supporting and assisting the Managing Director and COO in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to an independent director or the Chairman, as appropriate.

#### **Recommendations 1.2 to 1.4**

In determining candidates for the Board, Board members follow a process whereby they evaluate the mix of skills, experience and expertise of the existing Board and identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, will be recommended to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

All directors and officers of the Company have appointment contracts. The financial and other remuneration details of directors and key management personnel are disclosed in the annual report.

The Company Secretary is charged with facilitating the Company's corporate governance processes and so shares primary responsibility, along with the Managing Director, for ensuring that the Board processes and procedures run efficiently and effectively.

#### **Recommendation 1.5**

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. The Company has in place a Workplace Diversity Policy which can be viewed on the Company's website at <http://blackhamresources.com.au/governance> (Diversity Policy)

The Board has also adopted a policy to address harassment and discrimination in the Company, which it believes will facilitate an environment that encourages a diverse workforce.

The proportions of women employed in the Group, in senior executive positions, middle management and on the Board as at 30 June 2016 are as follows:

	No.	Total	%
Women in Blackham Group	8	39	21%
Women in middle management	1	7	14%
Women in senior management	0	3	0%
Women on the Board	0	5	0%

## **Recommendations 1.6 and 1.7**

The Board undertakes ongoing self-assessment and review of performance of the Board with individual directors seeking external advice as appropriate. The Chairman of the Board is responsible for determining the process for evaluating Board performance.

The evaluation of the Managing Director and COO is currently undertaken via an informal interview process which occurs at least annually, at the Board's discretion. This process was undertaken during the Reporting Period.

The Managing Director is responsible for evaluating the performance of senior executives. The evaluation of senior executives is currently undertaken via an informal interview process which occurs at least annually and otherwise takes place as part of the annual salary review under the senior executives' employment contract. This process was undertaken during the Reporting Period.

To facilitate optimal performance, the Directors and senior executives are encouraged to participate in professional development programs.

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

### **Recommendation 2.1**

During the Reporting Period, the Board formally adopted a Remuneration & Nomination Committee charter and formed the relevant committee. The Remuneration & Nomination Committee Charter may be viewed at the Company's website at <http://blackhamresources.com.au/governance> (Remuneration & Nomination Committee Charter).

The Remuneration & Nomination Committee assists and advises the Board of the Company so as to achieve the following aims:

- Consider Board and committee structure, composition and succession planning as well as monitoring succession planning and the development of senior management
- Ensure that the Company has an appropriate reward strategy in place for executive directors that align their interests with that of Company shareholders.
- Ensure that appropriate reward strategies are in place for senior management

The Committee does not relieve any Directors of their responsibilities for these matters.

The Committee acts primarily as an advisory body to the Board and in making recommendations to the Board. The Committee does not, as of itself, have the power or authority of the Board in dealing with matters on which it advises except where certain powers are specifically set out in this Charter or are otherwise delegated by the Board.

The Committee currently comprises three members with the majority of members being independent. It is also chaired by an independent director.

The committee met for the first time on 20 July 2016.

### **Recommendation 2.2**

The Board discloses the skills and experience of its directors on its website, in all presentations and in each annual report. Below is the current Board skills matrix for Blackham:

	Level of Importance	Current Board Representation	Recruitment Priority
<b>Skills &amp; Experience</b>			
Corporate Governance	3	3	3
Board Experience	3	3	3
Risk Management	2	3	3
O, H & S	3	2	2
Community Relations	3	2	2
Environment	3	2	3
Native Title & Heritage	3	2	3
Operations Experience	2	2	2
Human Resources	2	2	2
Industry Knowledge	3	3	2
Financing	2	3	2
Legal & Commercial	3	3	3
Government Relations	2	2	2
Marketing/PR	2	2	1
Leadership	2	3	2
Strategic Planning	3	3	2
Mergers and Acquisitions	2	3	2
<b>Demographic Background</b>			
<b>Gender</b>			
Male	2	5	2
Female	2	0	2
<b>Age</b>			
25-40	1	0	1
41-55	2	5	2
56-70	1	0	1
Over 70			
<b>Ethnicity</b>			
Aboriginal/Torres Strait Islander			
White/Caucasian	1	5	1
Other			

3= High Importance, 2 = Medium Importance and 1 - Low Importance or N/A

## Recommendations 2.3 and 2.4

The Company does not comply with Recommendation 2.4 in that only 40% of the current serving directors are considered to be independent by the Company.

The Board currently consists of five (5) directors, including the non-executive chairman, the managing director, an executive director and two non-executive directors. Details of their experience, qualifications and committee memberships are disclosed in the Director's Report contained in the annual report. The following directors are in office at the date of this report:

### **Milan Jerkovic**

Non-Executive Chairman from November 2015.

Mr Jerkovic is the Non-Executive Chairman of the Company and meets the Company's criteria for independence.

**Bryan Dixon**

Managing Director since July 2006

Mr Dixon is an Executive Director of the Company and does not meet the Company's criteria for independence. Mr Dixon's industry experience and knowledge of the Company make his contribution to the Board such that it is appropriate for him to remain on the Board.

**Alan Thom**

Executive Director since August 2009

Mr Thom is an Executive Director of the Company and does not meet the Company's criteria for independence. Mr Thom's industry experience and knowledge of the Company make his contribution to the Board such that it is appropriate for him to remain on the Board.

**Greg Miles**

Executive Director from October 2011 to May 2014

Non-Executive Director from June 2014

Mr Miles is a Non-Executive Director of the Company and meets the Company's criteria for independence even though he was previously an executive of the Company. The Board believes this does not compromise his independence as a director as Mr Miles immediately took up a full-time Executive Director's role with Cassini Resources Ltd upon his resignation as an Executive Director with the Company.

**Peter Rozenauers (v)**

Non-Executive Director from June 2015

Mr Rozenauers is a Non-Executive Director of the Company and does not meet the Company's criteria for independence due to him being an officer of Orion Fund JV Ltd.

The Board maintains protocols to ensure that any potential or actual conflicts of interest and duty are properly identified and managed, and to ensure that directors act in accordance with their fiduciary responsibilities.

Election of Board members is substantially the province of the Shareholders in general meeting. However, the Company commits to the following principles:

- the Board to comprise of directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- the principal criterion for the appointment of new directors being their ability to add value to the Company and its business.

Given the current size of the Company and the industry in which it operates, the current Board structure is considered to best serve the Company in meeting its objectives, given its current capitalisation and existing operations. The composition of the Board is reviewed at least on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. This review was done during the Reporting Period.

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval from the Chairman for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

## **Recommendation 2.5**

The Chairman, Mr Milan Jerkovic is an independent director.

## **Recommendation 2.6**

Any new directors will undergo an induction process in which they are given a full briefing on the Company. They will also be provided with letters of appointment to the Board (if applicable), setting out the key terms and conditions relative to their appointment.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified and to receive continuing education concerning key developments in the Company and in the industry and environment within which the Company operates.

## **Principle 3: Act ethically and responsibly**

### **Recommendation 3.1**

The Company has in place a Code of Conduct which guides the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Directors, officers and employees of the Company are required to conduct themselves in accordance with the Company's Code of Conduct which can be viewed at <http://blackhamresources.com.au/governance> (Code of Conduct)

## **Principle 4: Safeguard integrity in corporate reporting**

### **Recommendation 4.1**

During the Reporting Period, the Board formally adopted an Audit & Risk Committee charter and formed the relevant committee. The Audit & Risk Committee Charter may be viewed at the Company's website at <http://blackhamresources.com.au/governance> (Audit & Risk Committee Charter).

The Audit and Risk Committee assists and advises the Board of the Company in the effective discharge of its responsibilities in the areas of statutory reporting, internal control systems, risk management systems, insurance and legal proceedings and the external audit function.

The committee does not relieve any directors of their responsibilities for these matters.

The Committee acts primarily as an advisory body to the Board and in making recommendations to the Board. The Committee does not, as of itself, have the power or authority of the Board in dealing with matters on which it advises except where certain powers are specifically set out in this Charter or are otherwise delegated by the Board.

The Committee currently comprises three members with the majority of members being independent. It is also chaired by an independent director.

The committee met for the first time on 17 June 2016.

## **Recommendation 4.2**

The Managing Director and the CFO provide a declaration to the Board in accordance with section 295A of the Corporations Act on at least an annual basis. Such declaration 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.

The above declaration has been provided for the 2016 Reporting Period.

## **Recommendation 4.3**

The shareholders in a general meeting are 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.

The auditor of the Company attends the AGM and is available to answer any questions from the security holders relevant to the accounts or the audit.

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

### **Recommendation 5.1**

The Board has designated the Managing Director (Primary) and the Company Secretary and Board (Secondary) as the persons responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

The Company has a Continuous Disclosure Policy available for viewing on the Company's website at <http://blackhamresources.com.au/governance> (Continuous Disclosure Policy)

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

### **Recommendations 6.1, 6.2, 6.3 and 6.4**

The Board of Blackham is committed to open and effective communication, ensuring all shareholders is informed of all significant development concerning the Company. The Company has in place an effective Shareholder Communications Policy which is available for viewing on the Company's website at <http://blackhamresources.com.au/governance> (Shareholders Communication Policy)

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

### **Recommendations 7.1, 7.2, 7.3 and 7.4**

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The committee met for the first time on 17 June 2016.

During the reporting period, the Board reviewed the Company's risk management framework to satisfy itself that it continues to be sound.

The Board does not have an internal audit function. The Directors believe given the size and scope of the operations of the Company, it is sufficient for the Audit & Risk Committee and the Board to assume those responsibilities that are ordinarily assigned to an internal audit committee.

The Company discloses possible risks in the Directors Report of the annual report.

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

### **Recommendation 8.1**

During the Reporting Period, the Board formally adopted a Remuneration & Nomination Committee charter and formed the relevant committee. The Remuneration & Nomination Committee Charter may be viewed at the Company's website at <http://blackhamresources.com.au/governance> (Remuneration & Nomination Committee Charter).

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The Committee currently comprises three members with the majority of members being independent. It is also chaired by an independent director.

The committee met for the first time on 20 July 2016.

### **Recommendation 8.2**

The Company discloses information on an annual basis in respect of the remuneration of the Board and key management personnel in the Remuneration Report (Audited) section of the annual report.



It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' emoluments to the Company's financial and operational performance. The expected outcomes of this remuneration structure are:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of Blackham Resources Limited

The remuneration of the executive directors will be decided by the other members of the Board. In determining competitive remuneration rates the Board reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for the employee share option plan.

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The Board may use its discretion with respect to the payment of bonuses, stock options, performance rights and other incentive payments.

The maximum remuneration of Non-executive Directors is the subject of shareholder resolution in accordance with the Company's Constitution, and the *Corporations Act 2001* as applicable. The appointment of Non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each Non-executive Director. Usually Non-Executive Directors do not receive performance based bonuses but may participate in equity schemes of the Company.

### **Recommendation 8.3**

The Company discloses information on an annual basis in respect of its Employee Incentive Plan in the notes to the financial statements contained in the annual report.

A copy of the Security Trading Policy can be viewed on the Company's website at <http://blackhamresources.com.au/governance> (Security Trading Policy).