

## IKWEZI MINING LIMITED

### CORPORATE GOVERNANCE REPORT

This Corporate Governance Statement sets out Ikwezi Mining Limited's (the **Company**) compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**).

Following the Board changes which took place during the year, Ikwezi Mining Limited's Board currently comprises of two Non-Executive Director and two Executive Directors, none of whom are considered to be independent. The Board is seeking to appoint an additional suitably qualified independent Non-Executive Director at an appropriate juncture once a suitable candidate has been identified.

The Board is committed to ensuring that our Company is properly managed to protect and enhance Shareholder interests, and that we and our Directors, officers and employees operate in an appropriate environment of corporate governance.

Accordingly, the Board has adopted corporate governance policies and practices (the majority of which are in accordance with ASX's Corporate Governance Principles and Recommendations (ASX Recommendations)) designed to promote the responsible management and conduct of our Company.

Our main policies and practices are summarised below. In addition, many governance elements are contained in the Constitution. Details of our key policies and practices and charters for the Board and each of its committees are available at [www.ikwezimining.com](http://www.ikwezimining.com) or may be obtained from our Company Secretary.

#### **Board responsibilities and composition**

The Board is ultimately responsible for setting policy regarding the strategic direction and goals for our business and affairs.

The Board delegates day-to-day management of our resources to management, under the leadership of the Executive Chairman, to deliver the strategic direction and goals determined by the Board.

In discharging their duties, Directors are provided direct access to and may rely upon senior management and external advisers and auditors. The Board collectively, the Board committees and individual Directors may seek independent professional advice at our expense for the purposes of the proper performance of their duties.

The Board considers an independent Director to be a Non-Executive Director who is not a member of our management and who is free from any interest and any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis, rather than referring to a general materiality threshold.

The Board currently comprises two Non-Executive Directors and two Executive Directors, none of whom are considered to be independent. The Chairman is an Executive Director. The current Board members are described in Directors Report.

The Board is committed to good corporate governance and, as noted above, we are seeking to appoint an additional suitably qualified independent Non-Executive Director. The Board will consider appointing this independent Non-Executive Director to the Audit Committee and Remuneration and Nomination Committee.

We consider it important that the Board comprises individuals with a

range of knowledge, skills and experience which are appropriate to its objectives. To this end, 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.

Details regarding the skills, qualifications, experience and expertise of each of the Directors as at the date of this Annual report can be found in the Directors report.

#### **Board committees**

The Board discharges its duties in relation to certain specific functions through the following committees of the Board:

- Audit Committee;
- Risk Committee; and
- Remuneration and Nomination Committee.

The Board undertakes to ensure that these committees are sufficiently resourced to enable them to fulfil their roles and discharge their responsibilities. Given the present structure of the Board and the requirement of each committee charter that the Committees are to comprise at least 3 members, all of the Directors are also members of each of these Committees. It is intended that this be reviewed once additional Board members have been appointed.

#### **Audit Committee**

The role of the Audit Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance.

The Audit Committee currently comprises of our four Directors; David Pile is currently chairman of the committee, however the Board intends to review this position during 2015/15 given Mr Pile is Chairman of the Company.

#### **Risk Committee**

The role of the Risk Committee is to assist the Board with the identification and management of business and operational risks faced by our Company. The Risk Committee responsibilities include overseeing our risk management systems, practices and procedures and reviewing periodically the scope and adequacy of our insurance. The Risk Committee will comprise at least 3 members and may include Executive and Non-Executive Directors as well as senior executives of our Company. Currently all our Directors serve on the Risk Committee. David Pile currently serves as chair of the Risk Committee.

#### **Remuneration and Nomination Committee**

The role of the Remuneration and Nomination Committee includes attending to matters related to our remuneration policy to enable us to attract and retain executives who will create value for Shareholders and to arrange annual performance evaluations of those executives.

The Remuneration and Nomination Committee also attends to matters relating to succession planning and recommends candidates for election or re-election to the Board. The Remuneration and Nomination Committee will identify and recommend candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company.

Currently all of the Directors serve on the Remuneration and Nomination Committee. Mr Tushar Agrawal currently serves as chair of the Remuneration and Nomination Committee.



## Corporate governance policies and charters

The Board has adopted the following corporate governance policies.

### Board Charter

The Board monitors our progress and performance on behalf of our Shareholders, by whom it is elected and to whom it is accountable. The Board charter, which is summarised below, seeks to ensure that the Board discharges its responsibilities in an effective and capable manner.

### Board responsibilities

The Board's responsibilities include:

- overseeing the business and affairs of our Company, including our control and accountability systems;
- appointing the Managing Director and other senior executives and determining their terms and conditions, including remuneration and termination;
- driving the strategic direction of our Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- ensuring the health, safety and well-being of employees; in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of our occupational health and safety systems to ensure the wellbeing of all employees;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and quarterly accounts;
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in our Company;
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision-making;
- recommending to Shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
- meeting with the external auditor, at their request, without management being present.

The Chief Executive Officer (as the delegate of the Board) is responsible for the effective leadership and day-to-day operations and administration of our Company.

### Corporate Code of Conduct

The Board acknowledges the need for high standards of corporate governance practice and ethical conduct by all our Directors and employees.

The Board has adopted a code of conduct that provides a framework for decisions and actions in relation to responsible and ethical conduct in employment. It underpins the Company's commitment to integrity and fairly dealing in its business affairs. The code of conduct sets out for all Directors and employees the minimum standards of behaviour expected of them.

The code of conduct sets out our policies on various matters, including, conflicts of interest, public and media comment, use of our resources, security of information, intellectual property/copyright, discrimination and harassment, corrupt conduct and occupational health and safety.



### Audit Committee Charter

This Charter defines the Audit Committee's purpose, composition, duties and responsibilities.

### Risk Committee Charter

This Charter defines the Risk Committee's purpose, composition, duties and responsibilities.

## Remuneration and Nomination Committee Charter

This Charter defines the Remuneration and Nomination Committee's purpose, composition, duties and responsibilities.

## Performance Evaluation Policy

We aim to have a clear process for evaluating the performance of senior executives. The Remuneration and Nomination Committee (excluding the subject of evaluation where he or she is a member of the Remuneration and Nomination Committee) is responsible for arranging an annual performance evaluation of our senior executives. The evaluation will be based on specific criteria, including our business performance, whether strategic objectives are being achieved and the development of management and personnel.

## Continuous Disclosure Policy

We are committed to continuous disclosure of material information as a means of promoting transparency and investor confidence. The practices of our Company are compliant with the Listing Rules, including in particular those regarding continuous disclosure.

All information provided to ASX for release to the market will be posted to our website at [www.ikwezimining.com](http://www.ikwezimining.com) after ASX confirms an announcement has been made.

## Risk Management Policy

We are committed to the identification, monitoring and management of risks associated with our business activities and have established a Risk Committee to have responsibility for identifying and overseeing major risk areas and ensuring that systems are in place to manage them, and report to the Board as and when appropriate. The Risk Committee is responsible for overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.

## Securities Trading Policy

Our Directors, officers and other employees will be in possession of information relating to our Group and, possibly, other companies. From time to time, some of this information may be classified as "inside information". We have adopted a securities trading policy that explains the prohibition on insider trading and, in addition, limits trading by Directors and certain restricted employees to specific "black-out periods", such as prior to the release of our Company's full and half year results announcements and the annual general meeting. In certain instances our policy extends beyond the strict requirements of the Corporations Act. Any such a trade by a Director or restricted employee must be notified in advance to the Managing Director or the Board and clearance obtained.

In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and contractors have a duty of confidentiality to us in relation to confidential information they possess.

## Shareholder Communications Policy

We place great importance on the communication of accurate and timely information to our Shareholders and recognise that efficient and continuous contact with Shareholders is an essential part of earning their trust and loyalty.

To this end, we are committed to communicating effectively with Shareholders through releases to the market via ASX, information mailed to Shareholders and our general meetings.

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## Compliance with Black Economic Empowerment (BEE) legislation in South Africa

The BEE requirements in the South Africa mining industry arise from the equality provisions of the South African Constitution and the Mineral and Petroleum Resources and Development Act (MPRDA).

The Department of Mineral Resources (DMR) has published and implemented the Broad Based Socio-Economic Empowerment Charter, September 2010 (Mining Charter) which is applicable to all mining companies operating within South Africa. The Mining Charter aims at facilitating participation of historically disadvantaged South Africans (HDSA) in the mining and minerals industry by providing specific targets that had to be met by 2014 in order to effect complete transformation and promote sustainable development and growth of the industry. HDSA are defined as "any person, category of persons or community, disadvantaged by unfair discrimination" on the basis of race, gender or disability and includes females generally as well as Black, Indian, Chinese and Coloured people.

The most significant element of the Mining Charter is the ownership requirement which stipulate that mines must commit to obtaining 26% effective ownership (the meaningful participation of HDSA's in the ownership, voting rights, economic interest and management control of mining entities) by 2014.

The Mining Charter also requires that a Mining Right holder procures a minimum of 40% of its capital goods, 50% of its consumer goods and 70% of its services from BEE entities (an entity of which a minimum of 25% + 1 vote of share capital is directly owned by HDSA's). Further, Mining Right holders need to ensure that all multinational suppliers of capital goods contribute 0.5% of the supplier's annual income into a social development fund in order to promote the socio-economic development of local communities.

In furtherance of employment equity targets, Mining Right holders must reach 40% HDSA representation at all levels of management and core skills by no later than 2014.

A Mining Right holder is also required to invest at least 5% of its annual payroll in essential skills development activities reflective of the demographics. The holder should also, in consultation with organised labour, facilitate the home ownership options of all mineworkers. A Mining Right must also implement policies on sustainable development commitments which cover aspects such as the improvement of environmental management as well as health and safety performance.

In order to ensure that Mining Right holders adhere to the provisions of the Mining Charter, the MPRDA requires all such holders to report their level of compliance on an annual basis. To this extent, the DMR has also published a mining scorecard which provides a framework for measuring compliance with the Mining Charter. The scorecard measures three core elements: (1) direct empowerment through ownership and control of enterprises and assets; (2) human resource development and employment equity; and (3) indirect empowerment through preferential procurement and enterprise development.

Non-compliance with any of the above provisions of the Mining Charter shall render the Mining Right holder in breach of the MPRDA

which may attract strict consequences such as the suspension or cancellation of the relevant Prospecting Right or Mining Right.

The legal requirements contained in the South African legislation exceed the reporting recommendations contained in ASX Recommendation 3.3 and 3.4. The Company's South African subsidiaries comply with and in fact exceed the relevant ownership requirements with our BEE partners who form an integral part of the management team owning 30% of Ikwezi Mining (Pty) Ltd, Ikwezi Management Services (Pty) and Ikwezi Resources (Pty) Ltd and 40% of Bokamaso (Pty) Ltd. We are committed to meeting and exceeding the provisions contained in the Mining Charter with preference given in terms of our internal employment and procurement policies and procedures not only to HDSA employees and BEE compliant Companies but to those that are located in the areas that we operate. As at the date of this report 50% of the senior full time management of the consolidated group are HDSA's with no female senior management or Directors given our current reduced staffing structure. Females comprise 33% of our current workforce. Our spend during the current financial year ended 30 June 2013 exceeds the legislative requirements in this regard which are due to come into force in 2014.



### Compliance with ASX Recommendations

The Company follows all of the ASX Recommendations except as outlined in this statement.

During the period to 29 May 2015 the Board comprised one Non-Executive Directors and two Executive Directors. None of the Directors during the period to 29 May 2015 were considered by the Board to be independent based on the criteria outlined in the definition of independence adopted by the Company.

Since 29 May 2015, the Board comprises of two Non-Executive Directors and two Executive Directors. The chairman of the Board is also the Chief Executive Officer and none of the Directors is considered to be independent based on the criteria outlined in the definition of independence adopted by the Company.

As a result of this Board structure, the Company did not comply with the following ASX Recommendations for the period to 30 June 2015:

- ASX Recommendation 2.1: A majority of the board should be independent directors.
- ASX Recommendation 2.2: The chair should be an independent director.
- ASX Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.
- ASX Recommendation 4.2: 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; and has at least three members.
- ASX Recommendation 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.

The Company is working towards complying with the above ASX Recommendations and is seeking to appoint a further independent Non-Executive Director as appropriately qualified candidates are identified. The new appointees will allow the Company to revise the composition of the Audit Committee and Remuneration and Nomination Committee to comply further with ASX Recommendations, however it does not expect in the coming year to comply with the requirement for the Audit Committee to comprise only of non-executive Directors with a majority of independent Directors. The Company does not consider compliance with this part of the ASX Recommendation 4.2 appropriate for the Company at present having regard to the size and scale of its operations and the desire to constitute its audit committee solely of independent Non-Executive Directors.

A table outlining the Company's current compliance with each ASX Recommendation is set out below.

The Company has made copies of its corporate governance charters, policies and documents available in a governance section of the Company's website at [www.ikwezimining.com](http://www.ikwezimining.com).

ASX Recommendation	Comply (Yes/No)	Explanation
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
<b>ASX Recommendation 1.1:</b> Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	The Board has adopted a formal charter that details the respective board and management functions and responsibilities. A copy of this board charter is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a> .
<b>ASX Recommendation 1.2:</b> Companies should disclose the process for evaluating the performance of senior executives.	Yes	<p>The Board has adopted a performance evaluation policy, which provides that the Remuneration and Nomination Committee will arrange an annual performance evaluation of senior executives of the Company and that an independent adviser may be used.</p> <p>This evaluation will be based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel. Each senior executive's performance will be assessed against his or her designated roles and responsibilities.</p> <p>A copy of the performance evaluation policy is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p> <p>No formal performance evaluation of senior executives took place in the period to 30 June 2015.</p>
<b>ASX Recommendation 1.3:</b> Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	<p>The Company includes in the corporate governance statement in its annual reports an explanation of any departure from ASX Recommendations 1.1, 1.2 or 1.3 (if any) and whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed (see above).</p> <p>A copy of the Company's board charter is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>		
<b>ASX Recommendation 2.1:</b> A majority of the board should be independent directors.	No	<p>During the period to 29 May 2015 the Board comprised one Non-Executive Directors and two Executive Directors. None of the Non-Executive Directors were considered by the Board to be independent based on the criteria outlined in the definition of independence adopted by the Company.</p> <p>From 29 May 2015, the Board comprised of two Non-Executive Directors and two Executive Directors. None of the Directors are considered by the Board to be independent based on the criteria outlined in the definition of independence adopted by the Company.</p> <p>In particular, the Board does not consider a Director to be independent unless he or she:</p> <ul style="list-style-type: none"> <li>• holds an interest of less than 5% of the voting shares of the Company and is not an officer of a shareholder with an interest in more than 5% of the voting shares of the Company (which is the reason why the Board does not consider the other Non-Executive Director (being the Chairman of the Company) to be independent); and</li> <li>• within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment (which is the reason why the Board does not consider the Executive Directors to be independent).</li> </ul> <p>The Company is working towards complying with this ASX Recommendation and is seeking to appoint additional suitably qualified independent Non-Executive Directors when appropriate candidates are identified.</p> <p>A copy of the definition of independence adopted by the Company is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>

ASX Recommendation	Comply (Yes/No)	Explanation
<p><b>ASX Recommendation 2.2:</b> The chair should be an independent director.</p>	No	<p>The Executive Chairman of the Company, Mr David Pile is not considered to be an independent director by the Board based on the criteria outlined in the definition of independence adopted by the Company</p> <p>As noted above, the Board is seeking to appoint additional suitably qualified independent Non-Executive Directors once suitable candidates are identified. The Company intends that one of these appointees will be appointed chair of the Board.</p>
<p><b>ASX Recommendation 2.3:</b> The roles of chair and chief executive officer should not be exercised by the same individual.</p>	No	<p>Following the resignation of Mr Simon Hewetson from his role of chair of the Board on 27 June 2014, the role of Executive Chairman and CEO was exercised by Mr David Pile. This will be reviewed during the 2015/16 financial year.</p>
<p><b>ASX Recommendation 2.4:</b> The board should establish a nomination committee.</p>	Yes	<p>The Board has established a Remuneration and Nomination Committee and adopted a charter that sets out the remuneration and nomination committee's role and responsibilities, composition and membership requirements. Currently, Mr Tushar Agrawal (chair), Mr Alok Joshi, Mr David Pile and Mr Ranaldo Anthony serve on the Remuneration and Nomination Committee.</p> <p>A copy of the charter of the Remuneration and Nomination Committee is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>
<p><b>ASX Recommendation 2.5:</b> Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.</p>	Yes	<p>The Company's board charter outlines the process for evaluating the performance of the Board. This provides that, once a year, the Board shall hold a meeting to review critically and discuss the performance of the Board as a whole, its Committees and individual Directors. If it is apparent that these are problems which cannot be satisfactorily considered by the Board itself, the Board may decide to engage an independent adviser to undertake this review.</p> <p>The Company's Remuneration and Nomination Committee is also required to arrange an annual performance evaluation of the Board, its committees and individual Directors.</p> <p>No formal evaluation was carried out during the financial year ended 30 June 2015, the Board intends to carry out this performance evaluation during the 2015/2016 financial year.</p> <p>Copies of the board charter and the charter of the Remuneration and Nomination Committee are available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>
<p><b>ASX Recommendation 2.6:</b> Companies should provide the information indicated in the Guide to reporting on Principle 2.</p>	Yes	<p>The Company includes in its annual reports the information indicated in the Guide to reporting on Principle 2.</p> <p>The skills, experience and expertise relevant to the position of each Director are set out in the Directors Report.</p> <p>The Board does not consider any of the Directors during the period to 30 June 2015 to be an independent Director for the reasons outlined in relation to ASX Recommendation 2.1 above. The criteria and materiality thresholds for determining whether a Director is independent are set out in the definition of independence adopted by the Company, a copy of which is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p> <p>The Company's board charter provides that the Board, Board committees and individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman of the Board. A copy of any such advice</p>

ASX Recommendation	Comply (Yes/No)	Explanation
		<p>received will be made available to all members of the Board.</p> <p>The Company's Nomination and Remuneration Committee charter requires the Nomination and Remuneration Committee to identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company.</p> <p>The board charter and charter of the Remuneration and Nomination Committee together set out the policy and procedure for the selection and appointment of new. Copies of each of these charters are available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>
<b>PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING</b>		
<p><b>ASX Recommendation 3.1:</b> Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>• the practices necessary to maintain confidence in the company's integrity;</li> <li>• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	Yes	<p>The Company has established a code of conduct that sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from Directors and employees.</p> <p>A copy of the Company's code of conduct is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>
<p><b>ASX Recommendation 3.2:</b> Companies should 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 for the board to assess annually both the objectives and progress in achieving them.</p>	Yes	<p>The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people.</p> <p>The Board does not consider that at this stage it is appropriate for the Company to implement a diversity policy that aligns completely with the ASX Recommendations as it is already required to comply with the diversity requirements under the Broad Based Socio-Economic Empowerment Charter, September 2010 (<b>Mining Charter</b>), published and implemented by the South African Department of Mineral Resources.</p> <p>The Mining Charter aims at facilitating participation of historically disadvantaged South Africans (<b>HDSAs</b>) in the mining and minerals industry by providing specific targets that had to be met by 2014 in order to effect complete transformation and promote sustainable development and growth of the industry. HDSAs are defined as "any person, category of persons or community, disadvantaged by unfair discrimination" on the basis of race, gender or disability and includes females generally as well as specified racial groups.</p> <p>Amongst other things, under the Mining Charter, in furtherance of employment equity targets, a holder of a mining right must reach 40% HDSA representation at all levels of management and core skills by no later than 2014.</p>
<p><b>ASX Recommendation 3.3:</b> Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and</p>	No	<p>The Company has not yet set measurable objectives for achieving gender diversity. Given the significant rationalisation of staffing levels which has occurred over the last two years, the Board intends to review the appropriateness of such objectives during the current year.</p>

ASX Recommendation	Comply (Yes/No)	Explanation
progress towards achieving them.		
<b>ASX Recommendation 3.4:</b> Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	Due to the current reduced staffing of the operation, there are no female Directors or senior management at present. Females comprise 33% of our current workforce.
<b>ASX Recommendation 3.5:</b> Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	The Company discloses in the corporate governance statement in its annual reports an explanation of any departure from ASX Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 (see above).  Copies of the Company's code of conduct and position on diversity policy are available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a> .
<b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>		
<b>ASX Recommendation 4.1:</b> The Board should establish an audit committee.	Yes	The Board has established an Audit Committee and adopted a charter that sets out the Audit Committee's purpose, composition, duties and responsibilities. The role of the Audit Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance.  A copy of the charter of the Audit Committee is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a> .
<b>ASX Recommendation 4.2:</b> The audit committee should be structured so that it:  <ul style="list-style-type: none"> <li>• consists only of non-executive directors;</li> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent chair, who is not chair of the board; and</li> <li>• has at least three members.</li> </ul>	No	The structure of the Company's Audit Committee for the period ended 30 June 2015 does not meet the requirements of Recommendation 4.2 as this is not possible given the current Board composition.  The Audit Committee consists of two Non-Executive Directors and two Executive Directors, none of whom are considered to be independent.  The Board is committed to good corporate governance and will seek to achieve the Audit Committee composition requirements set out in ASX Recommendation 4.2 other than that part of the recommendation that recommends the committee comprise only of non-executive Directors with a majority of independent Directors. The Board does not consider this is appropriate at this stage due to the size and scale of the Company's current operations, the composition of the Board and the desire to have only independent Non-Executive Directors appointed to the Audit Committee.  The Company is seeking to appoint additional suitably qualified independent Non-Executive Directors as appropriate and once suitable candidates are identified. The Company intends that these independent Non-Executive Directors be appointed to the Audit Committee to replace the existing non-independent members.
<b>ASX Recommendation 4.3:</b> The audit committee should have a formal charter.	Yes	The Board has adopted a formal charter that details the Audit Committee's purpose, composition, duties and responsibilities. A copy of the charter of the Audit Committee is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a> .
<b>ASX Recommendation 4.4:</b> Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	The Company has disclosed in the Directors' Report the names and qualifications of those appointed to its audit committee, their attendance at meetings and the number of meetings of the audit committee.  The Company has disclosed in this Corporate Governance section of its Annual Report an explanation of departures from Recommendations 4.1, 4.2, 4.3 and 4.4 (see above).  The Board has adopted a formal charter of the Audit Committee, which provides information on procedures for the selection and appointment of the

ASX Recommendation	Comply (Yes/No)	Explanation
		external auditor, and for the rotation of external audit engagement partners. A copy of this charter is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a> .
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b>		
<b>ASX Recommendation 5.1:</b> Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	<p>The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all directors, senior executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Executive Chairman and the Company Secretary as the persons responsible for ensuring that this policy is implemented and enforced and that all required price sensitive information is disclosed to the ASX as required.</p> <p>In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market will be posted to its website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a> after ASX confirms an announcement has been made.</p> <p>A copy of the continuous disclosure policy is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>
<b>ASX Recommendation 5.2:</b> Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	The Company includes in its annual reports an explanation of any departure from ASX Recommendations 5.1 or 5.2 (if any). A copy of the Company's continuous disclosure policy is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a> .
<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</b>		
<b>ASX Recommendation 6.1:</b> Companies should design a 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.	Yes	<p>The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company has designed a shareholder communication policy which outlines the Company's commitment to:</p> <ul style="list-style-type: none"> <li>• communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;</li> <li>• giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;</li> <li>• encouraging shareholders to participate in general meetings of the Company; and</li> <li>• requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.</li> </ul> <p>A copy of the shareholder communication policy is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>
<b>ASX Recommendation 6.2:</b> Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	<p>The Company includes in its annual reports an explanation of any departure from ASX Recommendations 6.1 or 6.2 (if any) and a description of how it will communicate with its shareholders publicly.</p> <p>The Company has provided information about the Company generally for the benefit of its shareholders and market participants (among others) on the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a> and all information provided to ASX for release to the market will be posted to its website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a> after ASX confirms an announcement has been made.</p>



PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS (Continued)		
<p><b>ASX Recommendation 6.3:</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>Yes</p>	<p>The Company has adopted a Shareholder Communication Strategy, details of which are included on the Company's website at <a href="http://ikwezimining.com/governance/governance-corporate-policies.php">http://ikwezimining.com/governance/governance-corporate-policies.php</a></p> <p>Notices of meetings are mailed to all shareholders, unless they have elected not to receive a copy, and are also available via the Company's website.</p>
<p><b>ASX Recommendation 6.4:</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically</p>	<p>Yes</p>	<p>Security holders can sign up to receive email communications through the Company website.</p> <p>Security holders can nominate their communication preferences with the Company's security registry, which includes the option for electronic communications.</p>
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
<p><b>ASX Recommendation 7.1:</b> Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p>	<p>Yes</p>	<p>The Company is committed to the identification, monitoring and management of risks associated with its business activities and has established policies in relation to the implementation of practical and effective control systems. The Company has established a risk management policy, a copy of which is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p> <p>The Board is responsible for ensuring that sound risk management strategy and policies are in place. The Board has delegated to the Risk Committee responsibility for identifying and overseeing major risk areas and that systems are in place to manage them, and report to the Board as and when appropriate. The Risk Committee is required to develop and maintain a risk register that identifies the risks to the Company and its operation and assesses the likelihood of their occurrence. The risk register will be updated periodically and presented to the Board for its consideration at least twice a year. 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 quarterly to the Risk Committee on whether those risks are being managed effectively.</p> <p>The Board has adopted a charter of the Risk Committee that defines the Risk Committee's purpose, composition, duties and responsibilities. A copy of the charter of the risk management policy is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p> <p>As addressed above, the Board has established an Audit Committee that is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. A copy of the charter of the Audit Committee is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>
<p><b>ASX Recommendation 7.2:</b> 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.</p>	<p>Yes</p>	<p>Under the Company's risk management policy, 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 quarterly to the Risk Committee on whether those risks are being managed effectively.</p> <p>The Board has received the reports from management required by ASX Recommendation 7.2.</p>



**PRINCIPLE 7: RECOGNISE AND MANAGE RISK (Continued)**

<p><b>ASX Recommendation 7.3:</b> The Board should disclose whether it has received assurance 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.</p>	<p>Yes</p>	<p>The Board has received the assurance required by ASX Recommendation 7.3 in respect of its 2014 annual report.</p>
<p><b>ASX Recommendation 7.4:</b> Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	<p>Yes</p>	<p>The Company includes in the corporate governance statement in its annual reports an explanation of any departure from ASX Recommendations 7.1, 7.2, 7.3 or 7.4 (if any), whether the Board has received the report from management under ASX Recommendation 7.2, and whether the Board has received assurance from Managing Director and the Chief Financial Officer under ASX Recommendation 7.3.</p> <p>Both a summary and copies of the Company's risk management policy, charter of the Audit Committee and the charter of the Risk Committee is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

<p><b>ASX Recommendation 8.1:</b> The board should establish a remuneration committee.</p>	<p>Yes</p>	<p>The Board has established a Remuneration and Nomination Committee to support and advise the Board in fulfilling its responsibilities to shareholders. The role of the Remuneration and Nomination Committee includes attending to matters related to the Company's remuneration policy to enable the Company to attract and retain executives who will create value for shareholders and to arrange annual performance evaluations of those executives. The Remuneration and Nomination Committee also attends to matters relating to succession planning and recommends candidates for election or re-election to the Board. The Remuneration and Nomination Committee will identify and recommend candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company.</p> <p>The Board has adopted a charter that defines the Remuneration and Nomination Committee's purpose, composition, duties and responsibilities. A copy of this charter is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p>
<p><b>ASX Recommendation 8.2:</b> The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent chair; and</li> <li>• has at least three members.</li> </ul>	<p>No</p>	<p>The structure of the Company's Remuneration and Nomination Committee for the period ended 30 June 2015 does not meet the requirements of ASX Recommendation 8.2 as this not possible given the current structure of the Board.</p> <p>None of the Directors are considered by the Board to be independent based on the criteria outlined in the definition of independence adopted by the Company.</p> <p>The Board is committed to good corporate governance and will seek to achieve the Remuneration and Nomination Committee composition requirements set out in ASX Recommendation 8.2.</p> <p>The Company is seeking to appoint additional suitably qualified independent Non-Executive Directors as appropriate candidates are identified. The Company intends that these independent Non-Executive Directors be appointed to the Remuneration and Nomination Committee.</p>

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY (Continued)**

<p><b>ASX Recommendation 8.3:</b> Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>Yes</p>	<p>Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company or its subsidiaries and potentially the ability to participate in bonus arrangements and the Company's option plan described in section 11.5 of the Company's prospectus.</p> <p>The Companies Non-Executive Directors do not currently earn any remuneration.</p> <p>Under the charter of the Remuneration and Nomination Committee, the Remuneration and Nomination Committee must:</p> <ul style="list-style-type: none"> <li>• review and approve the Company's recruitment, retention and termination policies and procedures for senior executives to enable the Company to attract and retain executives and Directors who can create value for shareholders;</li> <li>• implement and subsequently review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;</li> <li>• ensure that any remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market;</li> <li>• consider and make recommendations to the Board on the remuneration for each Executive Director (including base pay, incentive payments, equity awards, retirement rights, termination payments, service contracts) having regard to the executive remuneration policy;</li> <li>• review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for the direct reports to the Managing Director. As part of this review the Remuneration and Nomination Committee will oversee an annual performance evaluation of the executive team;</li> <li>• implement and subsequently review the on-going appropriateness and relevance of the non-executive remuneration policy; and</li> <li>• consider and make recommendations to the Board on the remuneration for each Non-Executive Director (as distinct from the remuneration structures of Executive Directors and senior executives) having regard to the non-executive remuneration policy.</li> </ul>
<p><b>ASX Recommendation 8.4:</b> Companies should provide the information indicated in the Guide to reporting on Principle 8.</p>	<p>Yes</p>	<p>The Company includes in its annual reports:</p> <ul style="list-style-type: none"> <li>• an explanation of any departure from ASX Recommendations 8.1, 8.2, 8.3 or 8.4 (if any);</li> <li>• the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and</li> <li>• the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out.</li> </ul> <p>The Board has adopted a formal charter of the Remuneration and Nomination Committee, which defines the Remuneration and Nomination Committee's purpose, composition, duties and responsibilities. A copy of this charter is available in the governance section of the Company's website at <a href="http://www.ikwezimining.com">www.ikwezimining.com</a>.</p> <p>The Company will determine, and then intends to make publically available on the Company's website a summary of, the Company's policy on prohibiting executives entering into transactions in associated products that limit the economic risk of participating in invested entitlements under any equity-based remuneration schemes made available by the Company.</p>

