

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 18 October 2018 and has been approved by the Board of the Company on that date.

BCI Minerals Limited (“Company”) has adopted systems of control and accountability as the basis for the administration of its corporate governance practices. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations 3rd Edition (“ASX Principles and Recommendations”), the Company has followed each such Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for its corporate governance practices. Where, after due consideration, the Company’s corporate governance practices depart from a Recommendation the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the “if not, why not” regime. This Corporate Governance Statement sets out the Company’s corporate governance policies and practices for the reporting period.

Further information about the Company’s corporate governance practices including relevant information on the Company’s charters and other policies and procedures is set out on the Company’s website at <http://www.bciminerals.com.au/about-us/corporate-governance.html>.

ASX PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 – A listed entity should disclose:

- a) *the respective roles and responsibilities of its board and management; and*
- b) *those matters expressly reserved to the board and those delegated to management.*

The Company has established the functions reserved to the Board and senior executives and has set out these functions in its Board Charter, which is available on the Company’s website on the Corporate Governance page.

Senior executives are responsible for reporting all matters which fall within the Company’s materiality thresholds at first instance to the Managing Director, if the matter concerns the Managing Director, then directly to the Chairman or the lead independent director, as appropriate.

Recommendation 1.2 – A listed entity should:

- a) *undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*
- b) *provide security holders with all material information in its possession relevant to a decision*

on whether or not to elect or re-elect a director.

The Company undertakes appropriate background and screening checks prior to nominating a director for election by shareholders.

All material information in the Company's possession in relation to directors is disclosed in the Company's 2018 Annual Report, and in explanatory notes accompanying the notice of meeting for directors' subject to election or re-election.

Recommendation 1.3 – *A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

The Company has written agreements in place with all directors and senior executives. Further information can be found in the Remuneration Report in the Company's 2018 Annual Report.

Recommendation 1.4 – *The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.*

Details of the Company Secretary for the reporting period can be found in the Directors' Report in the Company's 2018 Annual Report. The appointment and removal of a Company Secretary is a matter for decision by the Board.

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. All directors have direct access to the Company Secretary who is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Recommendation 1.5 – *A listed entity should:*

- a) *have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- b) *disclose that policy or a summary of it; and*
- c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Company has a People Policy which sets out the Company's commitment to a corporate culture supporting equal opportunity and diversity when determining the composition of employees, senior management and the Board. A summary of the Company's People Policy can be found on the Corporate Governance page of the Company's website.

Given the size of the Company at present, the Board has not set measurable objectives.

The Board maintains full transparency of board processes, reviews and appointments and encourages gender diversity.

As at 30 June 2018, the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes) is disclosed below:

	Female	Male
Board	20%	80%
Senior Executive*	33%	67%
Whole organisation	21%	79%

* The Senior Executives are the individuals at the highest level of organisational management who have the day-to-day responsibilities of managing the Company below the Board. The Senior Executives include the Managing Director, Chief Financial Officer and Legal Counsel/Company Secretary.

The Company is not a “relevant employer” under the Workplace Gender Equality Act.

Recommendation 1.6 – A listed entity should:

- a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Chairman is responsible for evaluation of the Board and, when appropriate, Board committees and individual directors. Evaluations are undertaken by way of round-table discussions, Board evaluation questionnaires, and, when appropriate, one-on-one interviews.

No performance evaluation was undertaken during the reporting period.

Recommendation 1.7 – A listed entity should:

- a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board is responsible for evaluating the Managing Director and Chief Executive Officer (as relevant). Other senior executives are evaluated by the Managing Director or Chief Executive Officer (as relevant) including consultation and feedback from the Board.

During the reporting period a performance evaluation of the Managing Director and senior executives occurred as needed in accordance with the above disclosed process.

ASX PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 – The Board of a listed entity should:

- a) *have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose (3) the*

charter of the committee; the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

- b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The responsibilities of a nomination committee are carried out by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee has a charter which is disclosed in full on the Company's website on the Corporate Governance page.

Recommendation 2.2 – *A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The directors on the board collectively have a combination of skills and experience in the competencies set out in Table 1. These competencies are set out in the skills matrix that the Board uses to assess the skills and experience of each director and the combined capabilities of the Board. The Board considers that collectively the directors have the range of skills, knowledge and experience necessary to direct the Company.

Table 1 – Areas of competence and skills of the directors

Experience and Competencies	Professional Qualifications & Experience
Financial acumen	Mining
Governance	Project Development
Strategic leadership	Sales
Strategy and risk	Shipping
Mining, exploration and project development	Project Approvals
Safety, environment, community, stakeholder engagement	Finance
Public policy	Business
Marketing and Asia experience	Economics
Capital projects and infrastructure	Legal
Legal	

Recommendation 2.3 – *A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position, association or relationship of the type described in Box*

2.3 of the ASX Principles and Recommendations but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

c) *the length of service of each director.*

In considering the independence of directors, the Board refers to the criteria for independence as set out in Box 2.3 of the ASX Principles and Recommendations (Factors relevant to assessing the independence of a director). To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website.

Table 2 – Details of Directors

Name of director	Term in office	Status
Brian O'Donnell (Chairman)	Appointed 7 October 2014. Chairman since December 2016.	Not independent. Mr O'Donnell is a director of Australian Capital Equity which is associated with the Company's largest shareholder, Wroxby Pty Ltd.
A Vorster (Managing Director)	Appointed 22 September 2016.	Not independent. Mr Vorster is the Company's Managing Director.
Martin Bryant (Non-executive Director)	Appointed 19 May 2015.	Independent.
Andrew Haslam (Non-executive Director)	Appointed 19 September 2011.	Independent.
Jennifer Bloom (Non-executive Director)	Appointed 2 March 2017.	Independent.
Michael Blakiston (Non-executive Director)	Appointed 2 March 2017.	Independent.

Recommendation 2.4 – *A majority of the Board of a listed entity should be independent directors.*

For the reporting period, the Board consisted of a majority of independent directors.

Recommendation 2.5 – *The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

Applying the independence criteria, the Chairman of the Company, Mr O'Donnell is not an independent director. However, the roles of Chairman and Managing Director are carried out by different persons, namely Mr O'Donnell and Mr Vorster respectively.

Recommendation 2.6 – *A listed entity should have a programme for inducting new directors and provide opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

All new non-executive directors are required to sign and return a letter of appointment which sets out the key terms and conditions of their appointment. Executive directors enter into employment agreements which govern the terms of their employment. All new directors are provided with a detailed induction manual.

All directors are expected to maintain the skills required to discharge their obligations to the Company. The Company provides opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

ASX PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1 – *Companies should:*

- a) *have a code of conduct for its directors, senior executives and employees; and*
- b) *disclose that code or a summary of it.*

The Company has established policies which set out matters covered by a code of conduct. The Company has policies with respect whistle-blower protection, anti-bribery and corruption, and trading in the Company's securities by directors, senior executives and employees.

ASX PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendations 4.1 – *The board of a listed entity should:*

- a) *have an audit committee which: (1) has at least three members, all of whom are non-executive directors; and (2) is chaired by an independent director who is not chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The number of meetings the Audit and Risk Committee held during the reporting period are disclosed in the 2018 Annual Report.

The Directors' Report, included in the 2018 Annual Report, identifies directors who were members of the Audit and Risk Committee during the reporting period, and shows their attendance at committee meetings. Details of each of the director's qualifications are set out in the Directors' Report.

The charter of the Audit and Risk Committee can be found on the Corporate Governance page of the Company's website.

The combined Audit and Risk Committee is chaired by Mr Blakiston. Mr Blakiston is an independent Non-executive Director. The other members of the Audit and Risk Committee are Mr O'Donnell and Mr Haslam. The majority of the three member Committee are independent Directors.

All members of the Audit and Risk Committee are financially literate and have industry experience.

***Recommendation 4.2** – The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The Managing Director and Chief Financial Officer have provided a declaration to the Board that the financial records of the Company have been properly maintained in accordance with the Corporations Act 2001 (Cth), and the Company's financial statements comply with accounting standards and give a true and fair view of the Company's financial position and performance for the reporting period.

***Recommendation 4.3** – A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The Company's external auditor attends the annual general meeting and is available to answer questions from shareholders relevant to the audit.

ASX PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

***Recommendation 5.1** – A listed entity should;*

- a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- b) *disclose that policy or a summary of it.*

The Company has established a written disclosure policy designed to ensure compliance with ASX Listing Rule disclosure requirements and ensures accountability at a senior executive level for that compliance.

A copy of the Company's Corporate Affairs Policy is available on the Company's website under Corporate Governance.

ASX PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

***Recommendation 6.1** – A listed entity should provide information about itself and its governance to investors via its website.*

The Company makes available on its website the following information on a regular and up-to-date basis:

- Information briefings to media and analysts;
- Notice of meetings and explanatory materials;

- Financial information including annual reports
- All other Company announcements.

All governance documents for the Company can be found on the Company's website under Corporate Governance.

***Recommendation 6.2** – A listed entity should design and implement an investor relations programme to facilitate effective two-way communication with investors.*

The Company has an informal programme for communication with investors which is reviewed on a periodic basis. The Company also has a Corporate Affairs Policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

A copy of the Corporate Affairs Policy is available on the Company's website under Corporate Governance.

***Recommendation 6.3** – A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

The Company has a Corporate Affairs Policy for promoting effective communication with shareholders. The Company recognises the importance of shareholder participation in general meetings. Shareholders unable to attend meetings are able to vote on resolutions through the appointment of a proxy. Shareholders are also able to register voting instructions electronically.

Shareholders who attend meetings are invited to ask questions on resolutions put to the meeting, and are also able to ask general questions at the conclusion of the formal sections of meetings. All directors of the Company are expected to attend meetings of the Company. The Company's auditor attends the annual general meeting to answer shareholder questions on the audit.

***Recommendation 6.4** – A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The Company encourages direct electronic contact from shareholders through the Company website. Shareholders are able to submit electronic queries via the "Contact Us" webpage.

The Company's share registry is Computershare. The option for shareholders to receive communications from, and send communications electronically is provided by Computershare.

ASX PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

***Recommendation 7.1** – A listed entity should:*

- have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose (3) the charter of the committee; (4) the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The number of meetings the Audit and Risk Committee held during the reporting period are disclosed in the 2018 Annual Report.

The Directors' Report, included in the 2018 Annual Report, identifies directors who were members of the Audit and Risk Committee during the reporting period, and shows their attendance at committee meetings. Details of each of the director's qualifications are set out in the Directors' Report.

The charter of the Audit and Risk Committee can be found on the Corporate Governance page of the Company's website.

The combined Audit and Risk Committee is chaired by Mr Blakiston. Mr Blakiston is an independent Non-executive Director. The other members of the Audit and Risk Committee are Mr O'Donnell and Mr Haslam. The majority of the three member Committee are independent Directors.

The charter of the Audit and Risk Committee can be found on the Corporate Governance page of the Company's website.

Recommendation 7.2 – The board or a committee of the board should:

- a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- b) *disclose, in relation to each reporting period, whether such a review has taken place.*

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile and management. The policy was approved by the Board during the reporting period and continues to be appropriate for the Company.

Under the policy, the Board, through the Audit and Risk Committee, is responsible for approving the Company's procedures on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director or Chief Executive Officer (as relevant), who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director or Chief Executive Officer (as relevant) is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

The risk register is reviewed each quarter by senior management where existing risk register is reviewed, and new risks were identified and assessed with respect to the following categories - description of potential risk, likelihood, consequence, mitigating practices and controls, and control rating. Once updated, that risk register is then provided to the full Board as well as the Audit and Risk Committee.

The full Board has received confirmation from the Audit and Risk through quarterly management reviews, as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3 – A listed entity should disclose:

- a) *if it has an internal audit function, how the function is structured and what role it performs; or*
- b) *if it does not have an internal audit function, that fact and the processes it employs for*

evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company does not have an internal audit function. Internal policies and procedures are reviewed on a regular basis to ensure compliance and that they are consistent with changing environments. In addition, the following risk management measures are in place to assist the Board with managing the Company's material business risks:

- an annual budget with variances from budget reported to the Board at regular Board meetings;
- authority limits established for management which must not be exceeded unless prior Board approval is obtained;
- a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations;
- quarterly risk reviews;
- appropriately qualified employees; and
- policies and procedures to assist the Company to establish and maintain its governance practices.

Recommendation 7.4 – *A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Company's exposure to material economic, environmental and social sustainability risks are discussed in the Directors' Report and financial statements in the Company's 2018 Annual Report.

ASX PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendations 8.1 – *The board of a listed entity should:*

- have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Company has established a Remuneration and Nomination Committee made up of three independent directors and is chaired by an independent director. The members of the Committee are Mr Haslam (Chair of the Committee), Ms Bloom and Mr Bryant.

A copy of the Remuneration and Nomination Committee Charter is available on the Company's website.

Recommendation 8.2 – *A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

Non-executive directors are remunerated at market rates for time, commitment and responsibilities in consultation with independent professional advice. Remuneration for non-executive directors is not linked to individual performance. There are no termination or retirement benefits for non-executive directors.

Pay and rewards for executive directors and senior executives consists of a base pay and benefits (such as superannuation) as well as short-term and long-term incentives. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Details of director and senior executive remuneration, including the Company's policy on remuneration, are contained in the Remuneration Report which forms a part of the Directors' Report in the 2018 Annual Report.

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