

## Corporate Governance

Black Rock Mining Limited (Black Rock) is committed to continuously improving and achieving high standards of corporate governance. The Board assesses its governance framework and practice believing good corporate governance is closely related to performance and serves in the best interests of shareholders and stakeholders.

Black Rock's corporate governance statement has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') and is included in the company's Annual Report pursuant to ASX Listing Rule 4.10.3. The Corporate Governance Report is available at [www.blackrockmining.com.au](http://www.blackrockmining.com.au). The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

A description of the Company's main corporate governance practices and its 'if not, why not' report on compliance with the guidelines is set out below. Where the Company's practices depart from a recommendation, the Board has disclosed the departure along with reasons for adoption of its own practices.

	ASX Principles and Recommendations <sup>(1)</sup>	If not, why not <sup>(2)</sup>
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 1.3	✓	
Recommendation 1.4	✓	
Recommendation 1.5		✓
Recommendation 1.6	✓	
Recommendation 1.7	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5		✓
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 4.1		✓
Recommendation 4.2	✓	
Recommendation 4.3	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 6.2	✓	
Recommendation 6.3	✓	

Recommendation 6.4	✓	
Recommendation 7.1		✓
Recommendation 7.2	✓	
Recommendation 7.3	✓	
Recommendation 7.4	✓	
Recommendation 8.1		✓
Recommendation 8.2	✓	
Recommendation 8.3	✓	

- 1) Indicates where the Company has followed the Principles and Recommendations.
- 2) Indicates where the company has provided an “if not, why not” disclosure.

#### **PRINCIPLE 1:** **LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

Black Rock has a Corporate Governance Statement on its website [www.blackrockmining.com.au](http://www.blackrockmining.com.au) containing the key Black Rock corporate governance documents which establish the roles and functions reserved for the Board, the roles and functions delegated to the Managing Director and/or Executives, and the relationship between the Board and the Managing Director and/or Executives.

The Board's primary responsibility is to safeguard and enhance the interests of shareholders and stakeholders by overseeing the Company's business activities and undertaking the effective functions of strategy formulation, policy design, and supervision.

The Managing Director is responsible and charged with running the affairs of the Company and executing the strategy set by the Board.

The Remuneration Committee annually assesses and evaluates the performance of the Board and the Managing Director. Performance measures are established by the Board and outcomes of the review are reported to the Board.

Each Director has access to the Company Secretary for advice and support in effectively discharging their roles. Additionally, each Board member may seek external professional advice at the expense of the Company in respect of their roles with the approval of the Chairman. At present Mr Chiappini acts as both Non Executive Director and Company Secretary, the board considers that he is able to discharge both roles effectively

Mr Steven Tambanis was appointed Managing Director on 1 January 2015 and as such during the current year the Company has not done an evaluation of the Managing Director's performance. A performance evaluation will be conducted during the next 12 months.

An evaluation of the performance of the Board and its Directors is undertaken each year. The Chairman of the Board is the leader and driver of this process. The evaluation of the performance of the Board's various committees is undertaken on an 'exception' basis. The Chair of the Board is also the leader of the evaluation. The process for evaluating the performance of the Board, its committees and directors, has yet not been documented.

Black Rock is committed to creating a diverse workplace, which reflects the breadth of talent available in the communities it operates in. The Company believes a range of employees encompassing diversity of gender, age, ethnicity, and cultural background enables greater innovation by drawing on diverse backgrounds, experience, and skills. Improving the level of diversity, female participation, and female promotion in Black Rock remains an objective of the Board. The company's ability to roll out its diversity policy is limited by the size of the current full time work force (2015:1 FTE, 2014: Nil FTE).

The 30 June 2015 Black Rock workforce composition was one full time employee, Managing Director Mr Steven Tambanis.

The Black Rock operates in a traditionally male dominated industry of mining exploration and related services and is therefore predictably under represented by women in its workforce. At the date of writing this report, the Company has only one full time employee, Mr Steven Tambanis, Managing Director. When the opportunity arises, enhancing the participation of women in the workplace will become a focus of the Black Rock Board. Whilst no formal policy has been adopted, the company does adhere to the gender reporting requirements and diversity principles outlined in the recommendations.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

The Black Rock Board comprises Three Directors:

Stephen Copulos	Non-Executive Chairman	Non-Independent
Steven Tambanis	Managing Director	Non-Independent
Gabriel Chiappini	Non-Executive Director	Independent

The Company is not in compliance with Recommendation 2.4, the Board does not consist of a majority of independent Directors where an independent Director is a Non-Executive Director who meets the criteria for independence included in the ASX Best Practice Recommendations.

The composition of the Board reflects the size of the Company and the unique and significant industry experience the Directors bring to the Board. These factors currently constrain the practicality in Black Rock having a majority of independent Directors on its Board.

Mr Gabriel Chiappini was appointed a Non-Executive Director on 21 March 2012. Mr Chiappini fulfils the Governance Council's independence criteria (Recommendation 2.5). Mr Stephen Copulos is not considered to be independent due to his current share ownership in Black Rock of 25% and as such Black Rock does not fulfil the requirement to have an independent chairman. Mr Steven Tambanis is not considered to be an independent director due to his employment with the company as Managing Director.

During the Reporting Period, the role of the Nomination Committee was carried out by the full Board in accordance with the Nomination Committee Charter. The Board considered that no efficiencies or other benefits would be gained by establishing a separate nomination committee during this time. The Board believes that given the size of the Company and its Board, it is not practical to have a majority of independent Directors managing the Nomination Committee. All Directors therefore have an active role in the Nomination Committee. The Nomination Committee Charter is available on the Company's website in the 'Investors' section.

Each new member of the Board participates in an induction program which encompasses: the duties, roles, and responsibilities of each Director; the operations of the Board and its Committees; and outlines the Company's culture and values as well as the strategic, financial, operational, and risk issues within the Company.

A biography profiling each Directors' skill, experience, and expertise is set out in the Directors' Report along with their respective term of office.

## **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

The Black Rock has adopted a Code of Conduct, which prescribes guidelines and policies aimed at maintaining high ethical standards and good corporate behaviour in the workplace. The Code of Conduct may be found in the Corporate Governance section of the Company's website.

Black Rock encourages the reporting of instances which may involve a breach (or suspected breach) of the Code of Conduct.

## **PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

The Board has established an Audit and Risk Management Committee to facilitate the verification and the safeguarding of the integrity of the Company's financial reporting, internal control structure, risk management procedures, and the internal and external audit function.

The Company does not comply with Recommendation 4.1, as the composition of the Board does not lend to the practicality of a majority of independent Directors managing the Audit and Risk Management Committee. The full board are members of the Audit and Risk Management Committee. The Committee is chaired by Mr Gabriel Chiappini who is an independent director. The Committee's charter is published on the Company's website.

The committee meets at least twice per annum and meetings are co-ordinated to coincide with the release of the Company's interim and full year financial reports and audits. The Committee has access to external auditors and a high degree of financial

literacy is prevalent amongst the committee members. The details, qualifications, and experience of each committee member and the attendance of committee members at Audit and Risk Management Committee meetings are contained in the Directors' Report.

The Managing Director and the Chief Financial Officer equivalent have provided the Board with a declaration in accordance with Section 295A of the *Corporations Act 2001*, assuring the Board that a sound system of risk management and internal control is operating effectively in aspects related to financial reporting risks.

The Audit and Risk Management Committee Charter is available on the Company's website in the 'Investors' section.

#### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURES**

The Company has established written policies to ensure compliance with the continuous disclosure regime of the Corporations Law and the Listing Rules of the Australian Securities Exchange Limited.

The Board has ultimate authority and responsibility for disclosures made to the market. This responsibility is delegated to the Managing Director and Company Secretary. Board approval is a prerequisite of significant matters requiring disclosure. The Company Secretary is charged with the establishment, communication, and maintenance of this policy as well as ensuring that material information is disclosed to the ASX.

#### **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

Black Rock's Shareholder Communication's Policy has been designed to facilitate the means of effective communications with shareholders. The policy is available in the 'Investors' section of the Company's website.

Black Rock's overarching communication strategy promotes effective communication with shareholders and other stakeholders in an open, regular, and timely manner. The policy encourages shareholder attendance and participation at member meetings as it represents an opportunity to meet, question, and discuss issues with the Board and Executives. The Board and external auditors all attend the Company's Annual General Meeting and are available for shareholders queries.

The Black Rock website is a central source of information for shareholders. The Company's Shareholder Communications Policy is available on the Company's website in the 'Investors' section and the Company encourages security holders to contact and communicate with the company and security register electronically.

#### **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

Black Rock is committed to the identification, monitoring, and management of risks associated with its business activities as a key part of its good business practices and governance activities.

The Company has implemented a number of controls in its risk management and reporting systems and regularly assesses and improves its risk management systems to best practice bench marks.

The Board is responsible for approving the Company's policies and risk oversight as well as satisfying itself that management continues to implement, develop, and improve its risk regime in accordance with the strategic risk policies. The daily operational management of risk is delegated to management throughout all levels of the organisation under the direction of the Managing Director. The Board monitors and receives reports on areas of operational and financial risk, and thereafter considers strategies for appropriate risk management arrangements.

The Audit and Risk Management committee monitors the integrity of financial reporting and the internal risk control regime. The Committee meets at least twice per year. The categories of risks identified and reported include: operational; health and safety; contracting; environmental; statutory and compliance; product; reputation; credit and financial; business security; and interruption.

The Board has established an Audit and Risk Management Committee to facilitate the verification and the safeguarding of the integrity of the Company's financial reporting, internal control structure, risk management procedures, and the internal and external audit function.

The Company does not comply with Recommendation 7.1, as the composition of the Board does not lend to the practicality of a majority of independent Directors managing the Audit and Risk Management Committee. The Non-Executive Directors, CFO, and Company Secretary are members of the Audit and Risk Management Committee. The Committee is chaired by Mr Peter Wade who is also chair of the board. The Committee's charter is published on the Company's website.

The board and committee have met during the year to review the entity's risk management framework and associated risks. The Board and committee do not consider that the Company currently has any material exposure to economic, environmental or social sustainability risk. The Company faces risks inherent to its business, including economic environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has policies and procedures in place to help mitigate and manage these risks.

The Managing Director and the Chief Financial Officer equivalent have provided the Board with a declaration in accordance with Section 295A of the *Corporations Act 2001*, assuring the Board that a sound system of risk management and internal control is operating effectively in aspects related to financial reporting risks.

The Company does not have an internal audit function, however manages part of this process via, internal controls and risk management overseen by the Managing Director and the Chief Financial Officer equivalent. Information on the Company's charter of the Audit and Risk Committee is available on the Company's website in the 'Investors' section.

**PRINCIPLE 8:**  
**REMUNERATE FAIRLY AND RESPONSIBLY**

Following on from prior year, a Remuneration Committee has not been established as the company up until January 2015 did not have any full time executives or employees, The company recently employed its only full time employee and as such a separate remuneration committee is not yet warranted. The full board will take on the duties and responsibilities for managing remuneration.

The company's policy and framework for remuneration of Executives and Non Executive Directors are disclosed in the Remuneration Report that can be found in the Annual Report.