Red Mountain Mining Ltd

2019 Corporate Governance Statement

Red Mountain Mining Ltd's objective is to achieve best practice in corporate governance and the Company's Board, senior executives and employees are committed to achieving this goal.

Red Mountain's Board of Directors is responsible for establishing the corporate governance framework of the Company and its related bodies corporate. In establishing this framework, the Board has considered and reports against the Principles of Corporate Governance and Best Practice Recommendations (3rd Edition) as published by the ASX Corporate Governance Council ("**ASX Corporate Governance Principles**").

This Corporate Governance Statement has been approved by the Board of the Company and summarises the corporate governance practices and procedures that were in place throughout the financial year commencing 1 July 2018, and to the date of this Corporate Governance Statement. In addition to the information contained in this Corporate Governance Statement, the Company's website at www.redmm.com.au contains additional details of its corporate governance practices and procedures.

The ASX Listing Rules require listed companies to include in their Annual Report or website a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where Red Mountain considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Corporate Governance Principles (3rd Edition).

The table below provides a summary of the Company's compliance with each of the eight ASX Corporate Governance Principles:

	Recommendation	**Comply Yes/No/ Partly**
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.	 Yes Yes
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 re-elect a director.	 Yes Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Yes
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.	Yes
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 set 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); and (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under that Act.	 Yes Yes No Yes Not applicable
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	 Yes

	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No
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.	 Yes No
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 that committee; and (4) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of 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.	 Not applicable Yes
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.	Yes
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 Recommendations, but the board is of the opinion 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.	 Yes Yes Yes
2.4	A majority of the board of a listed entity should be independent directors.	Yes
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.	Not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	 Yes Yes
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 a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of 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.	 Not applicable Yes
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.	Yes

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.	Yes
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.	 Yes Yes
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
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.	Yes
6.4	A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	Yes
7.1	The board of a listed entity should: (a) 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) 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	 Not applicable Yes
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.	 Yes No
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 evaluation and continually improving the effectiveness of its risk management and internal control processes.	 Not applicable Yes
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks.	Yes
8.1	The Board of a listed entity should: (a) 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 (b) if it does not have a remuneration committee, disclose that fact and the processes it employees for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	 Not applicable Yes
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.	Yes
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to ensure into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	 Yes Yes

Board Responsibilities

The Company has established the functions that are reserved to the Board. The Board acts on behalf of the shareholders and is therefore accountable to the shareholders. It also has other obligations of a regulatory or ethical nature. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to appropriately manage those risks.

The Board's role is to govern the consolidated entity. Without limiting the generality of that stated role, the matters reserved specifically for the Board include:

- determining the vision and objectives of the Company;
- identifying all areas where written Board policy is required, determination of those policies, and overseeing the implementation and monitoring of compliance, including policy in relation to code of conduct, related party transactions, and trading in the Company's securities;
- formulating short term and long terms strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- monitoring senior executives' performance and implementation of strategy;
- approving the annual operating and capital budgets, and variations thereto, ensuring they are aligned with the Company's strategic objectives;
- authorising expenditure approval limits for the Managing Director, and authorising expenditure in excess of these discretionary limits;
- authorising the issue of securities and instruments of the Company; and
- approving the Company's Financial Reports.

For a complete list of the functions reserved to the Board and a copy of the Board's charter, please refer to the Corporate Governance section of the Company's website at www.redmm.com.au.

Due to the small size of the Board, the Board did not operate an Audit and Risk Management, Nomination or Remuneration committee during the financial year. The whole Board undertook the functions of these committees, in accordance with the relevant committee charter.

Responsibilities of Senior Executives

The responsibility for the operation and administration of the Company, in accordance with the direction of the Board, is delegated by the Board to the Managing Director (or equivalent) and the executive team. The Board ensures that this team is appropriately qualified and experienced to carry out their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive team. In delegating this power, the Board must also be satisfied that the Managing Director and senior executives will exercise their powers reliably and competently, and in accordance with the requirements of the Board.

The matters and functions delegated by the Board to senior executives include:

- formulating with the Board, the vision, strategies, business plans and budgets of the Company and, to the extent approved by the Board, implementing these strategies, business plans and budgets;
- operating the Company's business within the parameters and having regard to the policies set by the Board from time to time, and keeping the Board informed of material developments in relation to that business;
- identifying material business risks, formulating strategies in conjunction with the Board or the Audit and Risk Management Committee (if applicable) to manage the risks, and monitoring effectiveness of the risk management process and reporting to the Board and Audit and Risk Management Committee (if applicable);
- implementing and monitoring compliance with the policies, processes and codes of conduct approved by the Board; and
- providing strong leadership to, and effective management of, the Company.

For a complete list of the functions delegated to the Managing Director and the executive team, please refer to the Board Charter in the Corporate Governance section of the Company's website at www.redmm.com.au.

Performance evaluation of Board and Senior Executives

The Board has adopted a policy for evaluating the performance of the Board, including its committees and Directors, and senior executives, a copy of which is available on its website.

The Managing Director (or equivalent's) performance objectives are equivalent to the Company's performance objectives and are set by the Board based on qualitative and quantitative measures. Pursuant to the policy, the Managing Director's performance against these objectives is to be reviewed annually by the Board and reflected in the Managing Director's performance and remuneration review.

The Managing Director's fixed reward is reviewed annually in conjunction with the annual salary review process. The review involves having due regard to market relativity for similar-sized roles.

The Chairperson is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Board Charter, which is available on the Company's website.

The Company will report on whether the evaluation has taken place on an annual basis in the Company's Annual Report. The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for each financial year in accordance with the above process.

No formal evaluation of any senior executives took place in the financial year as the Company currently has no senior executives, other than Directors.

Structure of the Board and Skills Matrix

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination, selection, induction and ongoing professional development of Directors. These guidelines include a requirement to undertake appropriate background checks prior to the appointment of a person as a Director, including but not limited to undertaking police and solvency checks, a formal induction program to enable new Directors to build their knowledge and make an effective contribution in a timely manner, and the provision of appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

The Directors in office and the term of their appointment at the date of this Corporate Governance Statement are:

Name	Position	Date of Appointment
J King	Independent Non-executive Director	19 July 2016
L Ho	Independent Non-executive Director	1 July 2016
R Parton	Independent Non-executive Director	1 December 2016

The skills, experience and expertise relevant to the position of Director held by each Director are included on pages 4-6 in the 2019 Annual Report.

The composition of the Board is reviewed annually to ensure that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company's operations. The Board has developed a skills matrix suitable for the Board of the Company at its current stage and into the future, taking into account its current strategy, operations and expectations for changes in the nature and scope of its activities. The Board skills matrix identifies a mix of areas the Board should collectively hold across its membership, including project development, legal, commercial, financial and capital markets. The Board is satisfied that the identified skills are well represented in the current Board. However, the Board will consider appointing additional directors to enhance relevant areas as it further evolves.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary. In addition, Directors are entitled, in furtherance of their duties, to seek independent professional advice at the Company's expense.

Independence

Recommendation 2.4 requires a majority of the Board to be independent Directors. The ASX guidance on factors relevant to an assessment of independence includes interests, positions, associations or relationships which might interfere with, or reasonably be seen to interfere with, a Director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally. In accordance with this guidance, all current Directors are considered to be independent.

Recommendation 2.5 requires that 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. The Company does not currently have a Chairman or CEO.

Nomination and Remuneration Committee

Prior to 1 July 2016 financial year, the Board had established a Nomination and Remuneration Committee which assisted the Board in fulfilling its responsibilities for determining and reviewing compensation arrangements for the Directors and senior executives and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. From 1 July 2016, the Nomination and Remuneration Committee ceased and the full Board assumed these responsibilities, pursuant to the Committee Charter. For further details regarding the procedure for the nomination, selection and appointment of new Directors and re-election of incumbents, as well as a copy of the Nomination and Remuneration Committee's charter, please refer to the Corporate Governance section of the Company's website at www.redmm.com.au

For further details on the remuneration policy of the Company, including a description of the structure of Non-executive Directors' remuneration and Executive Directors' and senior executives' remuneration, see the Remuneration Report starting on page 7 in the 2019 Annual Report.

The only long term incentives that the Company offers to Directors and employees are options and performance rights over the ordinary shares of the Company. The options, which are usually issued for nil consideration at an exercise price calculated with reference to prevailing market prices, and performance rights are issued in accordance with guidelines established by the Directors of the Company. The options and performance rights typically only vest under certain conditions, principally centred on performance milestones and the employee still being employed at the time of vesting. The options and performance rights cannot be transferred without the approval of the Company's Board and are not quoted on the ASX. Option and performance right holders may not enter into any transaction designed to remove the "at risk" aspect of the security before it is exercised.

The Company acknowledges that the guidelines to ASX Principle 8.2 recommend that Non-executive Directors do not receive options or performance rights with performance hurdles attached. However, in the Company's current circumstances, the Directors consider options and performance rights to be a cost effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash consideration that would be necessary for someone with the experience of the Directors, and may from time to time resolve to issue options and performance rights to Non-executive Directors, including with performance hurdles, subject to regulatory and shareholder approval.

There is no scheme to provide retirement benefits (other than superannuation) for Non-executive Directors.

For additional details regarding the nomination and remuneration, please refer to the Corporate Governance section of the Company's website at www.redmm.com.au

Audit and Risk Management Committee

Prior to 1 July 2016 financial year, the Board had established an Audit and Risk Management Committee which operated under a charter approved by the Board. From 1 July 2016, the Audit and Risk Management Committee ceased and the full Board assumed these responsibilities, pursuant to the Committee Charter. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations including the benchmarking of operational key performance indicators. The Board has responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity. The Board is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review.

For a copy of the Audit and Risk Management Committee's charter, please refer to the Corporate Governance section of the Company's website at www.redmm.com.au.

Communication with Shareholders

Pursuant to Principle 6, the Board aims to ensure that the shareholders are provided with full and timely information about the Company's activities. To promote effective communication with shareholders, the Company has designed a Shareholders Communication policy. Information is communicated to the shareholders through:

- the Annual Report which is made available to all shareholders;
- announcements made through the ASX companies announcements platform;
- the Company's website (http://www.redmm.com.au) which has a dedicated Investor Relations section for the purpose of publishing all important Company information and relevant announcements made to the market; and
- the annual general meeting and any other meetings called to obtain approval for Board action as appropriate.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company (including the Company's share registry, which facilitates electronic correspondence) or attending the annual general meeting. The external auditors also attend, and are available to answer queries on the preparation and content of the independent Audit Report, the accounting policies adopted by the Company in relation to the preparation of accounts and the independence of the Auditor in relation to the conduct of the audit at the Company's annual general meetings.

For further information regarding the Company's Shareholder Communication Policy please refer to the Corporate Governance section of the Company's website at www.redmm.com.au.

Diversity Policy

Red Mountain Mining is committed to promoting equality and diversity in the workplace and aims to be an organisation where diversity is valued, respected and celebrated. All decisions relating to employees will be based strictly on merit, without regard to gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

Pursuant to Recommendation 1.5, the Company has established a Diversity Policy. To assist in fostering diversity within the organisation, Red Mountain Mining has committed to develop and introduce initiatives which may include:

- identifying training programs tailored specifically for women which will assist them in preparing for senior management positions;
- supporting promotion of talented women into management positions; and
- networking opportunities.

Due to the size of the organisation, the introduction of specific measurable objectives at this stage has not been implemented. Whilst the Board of the Company strongly endorses the concept of gender diversity, until the Company's human resource base has grown to a point where fully implementing specific measurable objectives will become more meaningful, the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

In accordance with Recommendation 1.5(c)(1), the table below shows the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. The Company defines "senior executive" as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. To provide an accurate reflection of the proportion of women across the whole organisation, the Company has opted to include contractors in the below percentages, which show the proportion of women in the organisation as at the date of this Statement:
Board: 0%
Senior Executive: 0%
Employees, full time equivalent: 0%

Share Trading

The Constitution of the Company permits Directors and officers to transact in shares in the Company.

In accordance with the provisions of the Corporations Act and the Listing Rules of the ASX, Directors must advise the Company and the ASX of any transactions they conduct in securities of the Company.

The Company has established a policy concerning trading in the entity's securities by Directors, senior executives and employees (Trading Policy). The Trading Policy prohibits the buying or selling of Company securities at any time by any Director, officer, executive, contractor, consultant or employee ("insiders") who possesses price-sensitive information about the Company that is not available to investors and the securities market generally and during "Closed Periods" and periods of "block-out" as stipulated in the policy.

Individuals who hold price-sensitive information not generally available to investors and the securities market:

- must not trade in any securities of the Company;
- must not engage any other person or entity to trade in the Company's securities;
- must not allow the price sensitive information to be disclosed to another person who may use the information for improper trading purposes; and
- must not communicate inside information to any other individual who works within the consolidated entity except on a "needs to know" basis.

Individuals who liaise with stock brokers, industry analysts or business journalists and the like regarding the business activities of the Company, must not disclose to such third parties any inside information about Company, or confirm any analysis, the confirmation of which would constitute price-sensitive and non-public information. For further information on the Company's Trading Policy please refer to the Corporate Governance section of the Company website at www.redmm.com.au.

Integrity of Financial Reporting and Risk Management Policies

The Board has primary responsibility to ensure that the Company presents and publishes financial reports which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 295A of the *Corporations* Act, the Managing Director (or equivalent) and the person who performs the Chief Financial Officer function are each required to provide a written statement to the Board that the

Company's annual financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and that it is in accordance with the relevant accounting standards. Recommendation 4.2 extends this requirement such that it applies to financial statements for any financial period and that the Managing Director and the person who performs the Chief Financial Officer function must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the policies adopted by the board and that the Company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that it has received written statements to this effect from the Executive Director and the Chief Financial Officer for the quarterly, half year and annual financial reports from 1 July 2016 to the date of this report.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function. Periodically, internal reviews of the Company's financial systems, documents and processes are undertaken and any recommendation for improvement reported to the Board as part of the Company's risk management processes.

The Company is committed to the management of risks throughout its operations to protect all of its stakeholders. Risk management is carried out through the various processes and procedures mentioned above.

The full Board has responsibility for ensuring that risks are identified and monitored and has in turn required management to design and implement a risk management and control system to manage the Company's material business risks. The Company's Risk Management Policy deals with the management and oversight of material business risks and provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units. The policy recommends that the Board reviews the risk management framework at least annually. An annual review did not take place in the 2019 financial year due to the small size of the Company's operations.

Senior executives report regularly to the Board in relation to the effectiveness of the management of material business risks. This process will allow senior management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value.

The Risk Management Policy provides a framework for systematically understanding and identifying the types of material business risks that may threaten the Group at both a corporate and project level and includes risk mitigation strategies.

The categories of risk covered in the Risk Management Policy include but are not limited to:

- Operational risk;
- Economic risk;
- Environmental risk;
- Sustainability risk;
- Compliance risk;
- Strategic risk;
- Financial reporting risk; and
- Market related risk.

The Board has formed the view that the Company does not currently have any material exposure to economic, environmental or social sustainability risks, other than the ongoing risks associated with funding its exploration, development and other activities.

For a summary of the Company's Risk Management Policy, please refer to the Corporate Governance section of the Company's website at www.redmm.com.au.

Director and Executive Code of Conduct, Continuous Disclosure Policy and Company Code of Conduct

The Company has a Code of Conduct and Continuous Disclosure Policy, contained within its Corporate Governance Policy which can be found in the Corporate Governance section of the Company's website at www.redmm.com.au.