

BATHURST RESOURCES (NEW ZEALAND) LIMITED

ASX PRINCIPLES COMPLIANCE STATEMENT

ASX Corporate Governance Council's Best Practice Recommendations		Reference	Compliance
Principle 1	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	1(b)	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives.	1(d)	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	1(a), 1(b) and 1(d)	Comply
Principle 2	Structure the board to add value		
2.1	A majority of the board should be independent directors.	1(c)	Comply
2.2	The chair should be an independent director.	1(c)	Comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	1(c)	Comply
2.4	The board should establish a nomination committee.	1(e) and 2(b)	Comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	1(b) and 1(d)	Comply
2.6	Companies should include the information indicated in the Guide to reporting on Principle 2.	1(a), 1(d), 1(f) and 2(b)	Comply
Principle 3	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	4(a)	Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and the progress in achieving them.	4(c)	Comply
3.3	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 progress towards achieving them.	4(c)	Comply
3.4	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.	4(c)	Comply
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	4(a), 4(b) and 4(c)	Comply
Principle 4	Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	2(c)	Comply
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> consists only non-executive directors; consists of a majority of independent directors; is chaired by an independent chairperson who is not a chairperson of the board; and has at least three members. 	2(c)	Comply

ASX Corporate Governance Council's Best Practice Recommendations		Reference	Compliance
4.3	The audit committee should have a formal charter.	2(c)	Comply
4.4	Companies should provide the information indicated in Guide to reporting on Principle 4.	2(c)	Comply
Principle 5 <i>Make timely and balanced disclosure</i>			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	6	Comply
5.2	Companies should provide the information indicated in Guide to reporting on Principle 5.	6	Comply
Principle 6 <i>Respect the rights of shareholders</i>			
6.1	Companies should design and disclose a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	6	Comply
6.2	Companies should provide the information indicated in Guide to reporting on Principle 6.	6	Comply
Principle 7 <i>Recognise and manage risk</i>			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	2(b) and 3	Comply
7.2	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 risk.	3	Comply
7.3	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 259A of the <i>Corporations Act 2001</i> (Cth) 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.	3	Comply
7.4	Companies should provide the information indicated in Guide to reporting on Principle 7.	3	Comply
Principle 8 <i>Remunerate fairly and responsibly</i>			
8.1	The board should establish a remuneration committee	2(b)	Comply
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent chair; • has at least three members. 	2(b)	Comply
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	1(b), 2(b) and 2(d)	Comply
8.4	Companies should provide the information indicated in Guide to reporting on Principle 8.	2(b)	Comply

Corporate Governance Statement

Bathurst Resources (New Zealand) Limited (“Bathurst”) (“the company”) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of the shareholders. A description of Bathurst’s main corporate governance practices is set out below.

Further information about the company’s corporate governance practices may be found on the company’s website at www.bathurstresources.co.nz, under the section marked “Corporate Governance”.

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1. Board of directors

Principle 1: Lay solid foundations for management and oversight

Principle 2: Structure the board to add value

(a) Board composition & expertise

The board has an extensive range of relevant industry experience, financial and other skills and expertise to meet its objectives. The current board composition comprises four independent, non-executive directors (including the chair) and one executive director. The board considers that the non-executive directors collectively bring the range of skills, knowledge and experience necessary to direct the company.

The Listing Rules of the NZX Main Board ("NZSX Listing Rules") operated by NZX Limited ("NZX") require that at each annual meeting at least one third of Bathurst's directors (or if the number of directors is not a multiple of three, then the number nearest to one third) must retire. Those who retire shall be those who have been longest in office since they were last elected or deemed elected. Directors who retire under this rotation mechanism are eligible to offer themselves for re-election by shareholders at the annual meeting subject only to the point below.

A director should, subject to circumstances prevailing at the time and the company's ability to find a suitable replacement, aim to retire from the board at the conclusion of the general meeting occurring after the tenth anniversary of the director's first appointment or election to the board.

(b) Board role and responsibilities

The central role of the board is to oversee and approve the company's strategic direction, to select and appoint a managing director, to oversee the company's management and business activities and report to shareholders.

The relationship between the board and senior management is critical to the group's long-term success. The directors are responsible to the shareholders for the performance of the group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the group as a whole.

The roles and responsibilities of the board are formalised in the Board Charter, which defines in detail the matters that are reserved for the board and its committees, and those that the board has delegated to management.

The chair is responsible for leadership of the board, for the efficient organisation and conduct of the board's function and for the promotion of relations between board members and between board and management that are open, cordial and conducive to productive cooperation. The managing director is responsible for implementing group strategies and policies. The board charter specifies that these are separate roles to be undertaken by separate people.

The Bathurst Board Charter states:

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- the board is to be comprised of both executive and non-executive directors with a majority of non-executive directors. Non-executive directors bring a fresh perspective to the board's consideration of strategic, risk and performance matters;
 - in recognition of the importance of independent views and the board's role in supervising the activities of management, the chair must be an independent non-executive director;
 - the majority of the board must be independent of management and all directors are required to exercise independent judgement and review and constructively challenge the performance of management;
 - the chair is elected by the full board and is required to meet regularly with the managing director; and
 - the chair of the board is responsible for determining the process for evaluating board performance. Such evaluations are to be conducted at least annually and will focus on the effectiveness of the board function and whether there continues to exist an appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the group.

The Board Charter is available in the corporate governance section of Bathurst's website.

In addition to matters required by law to be approved by the board, the board is responsible for the following matters:

- Strategy – providing strategic oversight and approving strategic plans and initiatives;
- Board performance and composition – evaluating the performance of non-executive directors, and determining the size and composition of the board as well as recommending to shareholders the appointment and removal of directors;
- Leadership selection – evaluating the performance of, and selection of, the CEO and those key executives reporting directly to the CEO. Review on a regular basis appropriate succession planning for the CEO;
- Corporate responsibility – considering the social, safety, ethical and environmental impacts of the group's activities, and setting policy and monitoring compliance with safety, corporate and social policies and practices;
- Financial performance – approving Bathurst's annual operating plans and budget, monitoring management, financial and operational performance;
- Continuous Disclosure - ensuring processes are established to capture issues for the purposes of continuous disclosure to both the ASX and the NZX;
- Financial reports to shareholders – approving annual and half year reports and disclosures to the market that contain, or relate to, financial projections, statements as to future financial performance or changes to the policy or strategy of the company; and
- Establishing procedures – ensuring that the board is in a position to exercise its power and to discharge its responsibilities as set out in the Board Charter.

(c) Director Independence

The independent directors of the company are Craig Munro (chair), Rob Lord, Malcolm Macpherson, and Tokorangi Kapea. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The roles of Managing Director / CEO and chair are filled by Hamish Bohannan and Craig Munro respectively. They are not exercised by the same individual.

The board has approved a policy on independence of directors, a copy of which is available in the corporate governance section of Bathurst's website.

On appointment, each director is required to provide information to the chair to assess and confirm their independence as part of their consent to act as a director.

(d) Board and senior executive performance evaluation

The board, in conjunction with the Remuneration & Nomination ("R&N") committee, reviews the size and composition of the board and the mix of existing and desired competencies across members from time to time. Criteria considered by the directors when evaluating prospective candidates are contained in the Board's Charter.

The chair of the board is responsible for ensuring a regular review of the performance of the board, committees and individual directors occurs at least annually. The chair is responsible for determining the process under which this evaluation takes place.

The board reviews annually the size and composition of the board and the mix of existing and desired competencies across members. The board may engage an independent recruitment firm to undertake a search for suitable candidates if and when an additional member is considered appropriate.

The board is responsible for evaluating the performance of senior executives. The board will evaluate the performance of senior executives via an ongoing process of assessment and a formal annual review in December. During the formal review the senior executive's performance is measured against their role's assessment criteria.

(e) Nominations and appointment of new directors & succession planning

Recommendations for nomination of new directors are considered by the R&N committee and approved by the board as a whole. The R&N committee review director appointments having regard to the candidate's commercial experience, skills and other qualities. External consultants may be used from time to time to access a wide base of potential directors.

The board recognises the impact of board tenure on succession planning and that board renewal is critical to performance. A director appointed by the board must not hold office (without re-election) past the next annual meeting of the company. At each annual meeting at least one third of the

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directors (or if the number of directors is not a multiple of three, then the number nearest to one third) must retire. Those who retire shall be those who have been longest in office since they were last elected or deemed elected. A director who retires at an annual meeting is eligible for re-election at that meeting. A director retiring by rotation at an annual meeting will, if standing for re-election, be deemed to have been re-elected unless: (i) some other person is elected to fill the vacated office; (ii) it is resolved not to fill the vacated office; or (iii) a resolution for the re-election of that director is put to the meeting and lost.

(f) Professional advice

Directors may, in carrying out their company related duties, seek external professional advice. If external professional advice is sought a director is entitled to reimbursement of all reasonable costs where such a request for advice is approved in writing by the chair. In the case of a request by the chair, approval is required by at least two other directors.

(g) Conflicts of interest

The board has approved directors' Conflict of Interest Guidelines (contained in the Board Code of Conduct) which applies if there is, or may be, a conflict between the personal or other interests of a director.

A director with an actual or potential conflict of interest (other than for minor exceptions set out in the NZSX Listing Rules) in relation to a matter before the board does not receive the board papers relating to that matter and when the matter comes before the board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision-making process.

(h) Board Meetings

The chair sets the agenda for each meeting in conjunction with the chief executive. Any director may request additional matters be added to the agenda. Board and committee papers are provided to directors, where possible, five (5) business days prior to the relevant meeting. Copies of board papers are circulated in either electronic or hard copy form. Directors are entitled to request additional information where they consider the information is necessary to support informed decision-making.

2. Board committees

Principle 2: Structure the board to add value Principle 4: Safeguard integrity in financial reporting
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(a) Board committees and membership

The board has established two committees to assist in the discharge of its responsibilities. These are:

- remuneration & nomination committee ("R&N committee"); and
- audit committee.

The charters of all board committees detailing the roles and duties of each are available in the corporate governance section of Bathurst's website. All board committee charters are reviewed at least annually.

The executive directors can attend the audit committee meetings by invitation. All papers considered by the committees are available on request to directors who are not on that committee.

Following each committee meeting, generally at the next Board meeting, the board is given a verbal update by the chair of each committee. In addition, minutes of all committee meetings are available to all directors.

(b) Remuneration & nomination committee

The R&N committee consists of the following non-executive independent directors:

- M Macpherson (chair);
- R Lord; and
- C Munro.

The board has adopted an R&N committee Charter which describes the role, composition, functions and responsibilities of the R&N committee. A copy of the R&N committee Charter is available on the company's website.

(c) Audit committee

The audit committee consists of the following non-executive directors:

R Lord (chair);
M Macpherson; and
C Munro.

The audit committee comprises three non-executive and independent directors of the company. At least one of the members of the audit committee is required to have an accounting or financial background (in accordance with the NZSX Listing Rules). The chair of the board is not the chair of the committee. The chair and members of the committee are appointed by the board and may be appointed for specified terms. Membership of the committee is reviewed annually by the board.

The external auditors, the chief financial officer and the financial controller attend committee meetings by invitation.

The role of the audit committee is to assist the board to meet its oversight responsibilities in relation to the company's financial reporting, internal control structure, corporate governance policies and practices, financial risk management procedures and the external audit function. In doing so, it is the committee's responsibility to maintain free and open communication between the audit committee and the external auditors and the management of Bathurst.

The audit committee operates in accordance with a charter which is available on the company's website.

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The audit committee may consult independent experts and institute special investigations if it considers it necessary in order to fulfil its responsibilities. Furthermore, the audit committee shall have the authority to seek any information it requires from any officer or employee of the company or its controlled entities and such officers or employees shall be instructed by the board of the company employing them to respond to such enquiries.

The company has established procedures for the selection, appointment and rotation of its external auditor. The board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the audit committee. Candidates for the position of external auditor must demonstrate complete independence from the company through the engagement period. The board may otherwise select an external auditor based on criteria relevant to the company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the audit committee and any recommendations are made to the board.

The company and audit committee policy is to appoint external auditors who demonstrate experience and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

PwC has been appointed as the external auditor. It is PwC's policy to rotate audit engagement partners on listed companies at least every five years.

3. Risk Management

Principle 7: Recognise and Manage Risk

The board, through the audit committee and senior management, are responsible for overseeing and implementing the company's Risk Management Policy.

The company is committed to effective risk management to achieve its business objectives. The company aims to continually improve the management of risk, to make better decisions to achieve its objectives and to reduce the likelihood and consequences of adverse effects to tolerable levels.

At all levels of the business senior management is responsible for the development, implementation and maintenance of risk management systems that will effectively allow the group to:

- identify, assess and manage risks in an effective and efficient manner;
- use risk management to help make better decisions;
- reduce the risk of not meeting business objectives;
- meet relevant corporate governance requirements; and
- identify and evaluate opportunities based on their risk/reward balance.

The goals of risk management are achieved by:

- implementing a comprehensive and systematic risk assessment and reporting system across the organisation;
- training employees in the use of the system, and in suitable risk assessment methodologies for their business and work applications;
- developing a risk profile for each business unit, and then providing risk funding to reduce risk and maintain a suitable risk/reward balance;
- embedding risk management into the way we work; and
- auditing the system.

The board receives monthly reports about the financial condition and operational results of Bathurst and its controlled entities. The CEO and CFO provide, at the end of each six monthly period, a formal statement to the board confirming that the company's financial reports present a true and fair view, in all material respects, and that the group's financial condition and operational results have been prepared in accordance with the relevant accounting standards

The statement also confirms the integrity of the company's financial statements and notes to the financial statements, is founded on a sound system of risk management and internal compliance and control which implements the policies approved by the board, and that Bathurst's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

4. Code of Conduct, Share Trading Policy and Diversity Policy

Principle 3: Promote Ethical and Responsible Decision Making

(a) Codes of Conduct

The board has approved a Code of Conduct for directors and for employees, which describes the standards of ethical behaviour that directors and employees are required to maintain. The company promotes the open communication of unethical behaviour within the organisation.

Compliance with the Code of Conduct assists Bathurst in effectively managing its operating risks and meeting its legal and compliance obligations. As well as enhancing the company's corporate reputation.

The Code of Conduct describes the company's requirements on matters such as confidentiality, conflicts of interest, use of company information, sound employment practices, compliance with laws and regulations and the protection and safeguarding of company assets.

A copy of the company's Code of Conduct is available on Bathurst's website.

(b) Share trading policy

The company's Share Trading Policy is binding on all directors and employees. The policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on

dealing in securities by people who work for, or are associated with, Bathurst and is intended to assist in maintaining market confidence in the integrity of dealings in the company's securities.

The policy stipulates that the only appropriate time for a director or employee to deal in the company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A director wishing to deal in the company's securities may only do so after first having advised the chair of his or her intention. A senior executive wishing to deal must first notify the company secretary. Confirmation of any dealing must also be given by the director or senior executive within two business days after the dealing.

Directors and senior executives' dealings in the company's securities are also subject to specified closed periods which are set out in the company's Share Trading Policy or as otherwise determined by the board from time to time.

A copy of the company's Share Trading Policy is available on the corporate governance section of Bathurst's website.

(c) Diversity policy

The company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the company has developed a diversity policy. This policy outlines the company's diversity objectives in relation to gender, age, cultural background and ethnicity.

The policy includes requirements for the board to establish measurable objectives and appropriate strategies for achieving diversity. The policy provides for the board to assess annually both the objectives, and the company's progress in achieving them.

5. Remuneration Framework

Details of Bathurst's remuneration framework will be included in its remuneration report.

6. Continuous Disclosure and shareholder communication

Principle 5: Make timely and balanced disclosure Principle 6: Respect the rights of shareholders

Bathurst is committed to maintaining a level of disclosure that meets the highest standards and provides all investors, and potential investors, with equal access to information.

Bathurst is committed to the continuous disclosure requirements of the ASX and the NZX. The board is responsible for ensuring that adequate procedures are in place to ensure the continuous disclosure of any information concerning the group that a reasonable person would expect to have a material effect on the price of the company's securities.

Existing policies and procedures also include the arrangements the company has in place to promote communication with shareholders and encourage effective participation at general meetings.

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The CEO and the company secretary are responsible for communications with the ASX and the NZX. This includes responsibility for ensuring compliance with the continuous disclosure requirements in the relevant Listing Rules and overseeing and co-ordinating information disclosure to the ASX, NZX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX & the NZX is posted on the company's website as soon as it is disclosed to the respective exchange. When analysts are briefed on aspects of the group's operations, the material used in the presentation is released to the ASX & NZX and posted on the company's web site.

Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

The website also enables users to provide feedback and has an option for shareholders to register their email address for direct email updates on company matters.

All shareholders receive a copy of the company's annual and half-yearly reports. In addition, the company seeks to provide opportunities for shareholders to participate through electronic means. Recent initiatives to facilitate this include making all company announcements, media briefings, details of company meetings, press releases and financial reports for the last three years available on the company's website.

Where appropriate, the company will arrange for advance notification of significant group briefings and ensure they are widely accessible, including through the use of webcasting and other mass communication mechanisms as may be practical.