

This Statement sets out the key corporate governance practices of the Company during the Reporting Period, providing disclosure to the extent recommended by the ASX in accordance with its "Corporate Governance Principles and Recommendations 3rd Edition" (the "ASX Principles").

Altura has followed the Recommendations to the extent the Board considered was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders.

This Statement was approved by the Board of Directors on 28 October 2015.

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## **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 a Statement of Board and Management Functions which sets out the roles and responsibilities of the board, the non-executive directors, the Managing Director and management generally. The Statement also addresses materiality thresholds and the organisation of the board.

It is the role of the Board to protect and enhance long-term shareholder value, provide strategic direction for the Company, establish goals for management and monitor the achievement of those goals.

The Board's responsibilities include:

- Supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed.
- Ensuring the Company is properly managed.
- Approving of the annual budget, major capital expenditure, capital management, and acquisitions and divestments.
- Monitoring the financial performance of the Company.
- Approving and monitoring financial and other reporting.
- Liaising with the Company's external auditors and Audit & Risk Committee.
- Monitoring the environmental and the occupational health and safety performance of the Company.

In addition, the non-executive directors are responsible for reviewing and challenging executive performance.

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company.

**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.**

Relevant details of all directors are provided in the Directors Report section of the Annual Report each year. The notice of AGM refers shareholders to the Annual Report for details of the directors seeking election.

The requirement to undertake appropriate checks applies to new directors, and Altura will address this aspect of the recommendation when a new director is either appointed or put to shareholders for 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.**

All senior executives have written employment contracts. There are no written agreements for non-executive directors.

**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.**

The company secretary formally reports to executive management, however all directors have full and open access to the company secretary.

In addition, Altura does not have a permanent chair (see recommendation 2.5).

**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 set by 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 positions); 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.

Given the Company’s size and stage of development, the implementation of a specific policy on diversity is not considered appropriate.

However a number of matters typically covered by such a policy have been included in the Code of Conduct. In particular, the Code recognises the diversity of the Company’s workforce and the commitment to equal opportunity for its employees.

The Code further supports diversity through its statements on discrimination and harassment.

Altura has not set measurable objectives for achieving gender diversity, and due to its small size in Australia (5 employees as at 30 June 2015) it is not in a position to do so.

The Company will continue to recruit and manage employees on the basis of competence and performance, irrespective of their backgrounds and individual circumstances.

#### **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.

An annual review of the board performance, director performance and board composition is undertaken each September by the Remuneration & Nomination Committee. This is done prior to the Committee’s consideration of the nomination of directors for election at the AGM.

#### **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.

An annual review of the performance of senior executives is undertaken each November by the Remuneration & Nomination Committee.

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**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;
  - (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 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.

Altura has a Remuneration & Nomination Committee comprising Dan O'Neill (Chairman), BT Kuan and Allan Buckler.

The Committee meets all of the requirements for composition.

The Charter of the Committee has been disclosed on the Company's website, and details of meeting frequencies and individual attendances are set out in the Directors' Report.

**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 Company places a high priority on having the requisite mix of skills and experience amongst its directors to enable it to properly undertake its duties and responsibilities.

Altura considers that it has the necessary collective expertise in exploration, mine development, mine management, infrastructure development and operation, finance and organisational management to enable it to develop projects from exploration through to production.

Details of the skills, experience and terms of office of each director are contained in their respective profiles in the Directors' Report.

**Recommendation 2.3**

A listed entity should disclose:

- (a) the names of 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 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.**

Messrs BT Kuan (appointed November 2007) and Dan O'Neill (appointed December 2008) are considered to be independent directors.

Their respective details can be found in their profiles in the Directors' Report.

**Recommendation 2.4**

**A majority of the board of a listed entity should be independent directors.**

Altura does not meet this recommendation since only two (2) of the five (5) directors are independent. However, four (4) of the directors are non-executive.

The Board considers that it has an appropriate balance between executive and non-executive directors as well as a complementary mix of skills and experience.

**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.**

At this point in the Company's evolution, it is not considered necessary to have a permanent board chairman, with the role at Board meetings being rotated between the non-executive directors.

The Board considers that this arrangement is appropriate in the context of the current structure of the Board and that the Board is able to function effectively and efficiently on this basis.

**Recommendation 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.**

Altura has an induction manual for new directors, which is supported by meetings with senior staff and visits to operational sites.

Professional development opportunities are at the request of directors, and are supported by the Company.

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**PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING**

**Recommendation 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.**

Altura has a Code of Conduct, which is published on the Company's website.

The Code is designed to promote ethical business conduct, compliance with laws and regulations, high standards of professional behaviour and to avoid conflicts of interest.

The code applies to directors, managers and employees. It covers compliance with the law, conflicts of interest, corporate opportunities, confidentiality, intellectual property, safe work practices, alcohol and drug usage, equal opportunity and outside employment.

In addition to the ASX Corporate Governance requirements, the Company has an Anti Corruption Policy. This policy was developed to promote compliance with the *Criminal Code Amendment (Bribery of Foreign Public Officials) Act 1999*, which creates an offence of bribery.

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

**Recommendation 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 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 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.**

Altura has an Audit & Risk Committee comprising BT Kuan (Chairman), Allan Buckler and Dan O'Neill. The Committee meets all of the requirements for composition.

The Committee has a charter which sets out its objectives, composition, responsibilities, functions and powers.

The Committee's responsibilities include reviewing and evaluating the external audit function, the Company's financial reporting, the internal control system, the assessment of risk and compliance with legislation.

The Committee has the power to communicate directly with the appointed auditor, the right to meet the auditors without management being present and the authority to take independent professional advice as it considers necessary.

The Charter of the Committee has been disclosed on the Company's website, and details of meeting frequencies and individual attendances are set out in the Directors' Report.

#### **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 Board through the Audit & Risk Committee has received written declarations from the Managing Director and the Group Financial Controller under section 295A of the Corporations Act that the Company's financial reports are founded on a sound system of risk management, internal compliance and control, and that the system is operating efficiently and effectively in all material aspects.

#### **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.**

Altura is a registered company in Australia, and complies with these matters under the Corporations Act as follows:

- The AGM notice advises shareholders of their right to submit written questions to the auditor on the content of the audit report and the conduct of the audit (section 250PA)
  - The Company's auditor attends the AGM (section 250RA)
  - The chair of the AGM ensures that shareholders are allowed a reasonable opportunity to ask the auditor questions on the conduct of the audit, the audit report, the accounting policies adopted by the company and the auditor's independence (section 250T)
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**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.**

Altura has an existing policy on the ASX's continuous disclosure requirements, and this has been published on the Company website.

This policy is supported by internal processes to review information in order to ensure that the Company complies with its continuous disclosure obligations.

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**PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

**Recommendation 6.1**

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

Altura maintains a website that provides information on corporate governance matters, and all ASX announcements including annual reports, financial statements, notices of shareholder meetings and investor presentations.

**Recommendation 6.2**

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

Altura has a Corporate Communications Strategy policy which covers shareholder communications through the publication of all ASX announcements and research reports on the Company's website, the provision of an email information update service, participation at annual general meetings and direct mail to shareholders.

The policy also covers the processes for the handling of investor, media and broker communications and other shareholder queries.

**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 existing Corporate Communications Strategy policy covers this requirement, and is implemented by providing sufficient time at general meetings for shareholder questions.



**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 sends notices of general meetings and the link to the annual report electronically to those shareholders who have notified the share registry of their communication preference.

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**PRINCIPLE 7: RECOGNISE AND MANAGE RISK****Recommendation 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.**

Altura has an Audit & Risk Committee comprising BT Kuan (Chairman), Allan Buckler and Dan O'Neill. The Committee meets all of the requirements for composition.

The Committee has a charter which sets out its objectives, composition, responsibilities, functions and powers. Its responsibilities include reviewing and evaluating the external audit function, the Company's financial reporting, the internal control system, the assessment of risk and compliance with legislation.

The Committee has the power to communicate directly with the appointed auditor, the right to meet the auditors without management being present and the authority to take independent professional advice as it considers necessary.

The Charter of the Committee has been disclosed on the Company's website, and details of meeting frequencies and individual attendances are set out in the Directors' Report.

**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.**

Due to a number of high priority strategic initiatives of the Company during FY 2015, a formal review of the risk management framework was not undertaken in the reporting period. A review is planned for the current year.

#### **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.**

Given the Company's scale and stage of development, the Company does not have a separate internal audit function.

The responsibility for the monitoring of the internal control framework is performed by the Audit & Risk Committee.

The Board considers that the combination of Audit & Risk Committee oversight and external financial audits is appropriate for a company of this size.

#### **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 does not consider that it has a material exposure to environmental sustainability and social sustainability risks, particularly with most projects being in exploration or evaluation stages.

Altura has however during FY 2015 had a material exposure to economic sustainability risks arising from commodity price volatility with coal and iron ore.

Altura has sought to mitigate the volatility in the coal price by renegotiating contractor rates and by re-scheduling mining to lower strip ratio areas at the Delta coal mine.

Further, the proposed Singapore IPO Listing will provide additional funds and strengthen the balance sheet to support the operation and development of the Indonesian coal assets.

Altura has addressed the iron ore price exposure by disposing of its joint venture interest in Atlas' Mt Webber mine.

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**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY****Recommendation 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 employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Altura has a Remuneration & Nomination Committee comprising Dan O'Neill (Chairman), BT Kuan and Allan Buckler. The Committee meets all of the requirements for composition.

The Charter of the Committee has been disclosed on the Company's website, and details of meeting frequencies and individual attendances are set out in the Directors' Report.

**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.**

The Company's policies and practices on the remuneration of executives and non-executive directors each year in the Remuneration Report contained in the Directors Report section of the Annual Report.

During the reporting period, non-executive directors were issued shares and performance rights (following shareholder approval).

**Recommendation 8.3**

**A listed entity which has an equity-based remuneration scheme should:**

- (a) have a policy on whether participants are permitted to enter 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.

Although Altura has a securities trading policy, it does not cover restrictions on transactions which limit the economic risk of participating in an equity-based remuneration scheme.

### DISCLOSURE ON COMPANY WEBSITE

In addition to this Statement, the following corporate governance policies can be found on the Company's website at <http://alturamining.com/corporate-governance/>

- Audit & Risk Committee Charter
- Remuneration & Nomination Committee Charter
- Statement of Board and Management Functions
- Code of Conduct
- Anti Corruption Policy
- Policy on Trading in Company Securities
- Policy for Compliance with Continuous Disclosure Requirements
- Corporate Communication Strategy
- Statement on Risk Management Practices