



The Board of Directors is responsible for the corporate governance of Bounty Mining Limited (“the Company”) and aims for high standards of corporate governance. Given the size and nature of the Company, the Board considers that the Company follows as far as possible the spirit and intentions of the ASX Corporate Governance Council’s Principles and Recommendations. The Company’s policies are summarised below. Specific areas where the recommended practices are not followed are described below and summarised at the conclusion of the report.

References to Principles and Recommendations are references to the second edition of the ASX Corporate Governance Council’s Principles and Recommendations (“the ASX Principles”).

PRINCIPLE 1: Lay solid foundations for management and oversight

The role of the Board

The primary role of the Board of Directors of Bounty is the protection and enhancement of shareholder wealth. The Board is responsible for:

- setting strategic direction;
- appointing the chief executive officer or equivalent;
- ensuring that the management team is appropriately qualified and experienced to discharge its responsibilities;
- establishing goals for management, and monitoring the achievement of these goals;
- ensuring that the Company has an appropriate risk management framework and setting the risk appetite for the Company;
- reviewing the effectiveness of risk management, control and governance processes;
- ensuring appropriate resources are available to senior executives;
- approving the Company’s remuneration policies;
- overseeing the integrity of the Company’s accounting and corporate reporting systems;
- overseeing the Company’s process for ensuring timely, accurate and balanced disclosure in relation to the Company; and
- Approving operating budgets and material capital expenditure.

In circumstances where a company approaches potential insolvency the Board also has a duty to protect the rights of creditors. This duty takes precedence over the duty owed towards shareholders but is not inconsistent with the primary role and duty.

The Board typically meets monthly and holds additional meetings when necessary to address specific matters that arise. In between meetings, decisions may be adopted by way of circular resolution. Day



to day management of the Bounty Group affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the chief executive and management of Bounty.

The role of the Chairman

The Chairman is responsible for:

- leading the Board of Directors;
- ensuring directors are properly briefed in all matters relevant to their role and responsibilities;
- facilitating board discussions;
- establishing an appropriate board structure and committees to meet the needs of the Company;
- ensuring adequate board performance measures are in place and regular reviews are undertaken with individual directors and the CEO; and
- managing the Board's relationship with shareholders and with the Company's senior executives.

The role of the Chief Executive Officer ("CEO") and Management

The CEO / Management are responsible for:

- implementing company strategies to achieve objectives within the Board's stated risk appetite;
- managing the business of the Company;
- complying with company policies, contractual obligations and regulatory requirements;
- forecasting and reporting progress; and
- formally reviewing the performance of senior executives having regard to the views of the Board.

Gary Cochrane is both Chairman and CEO.

Nomination and Appointment of Directors

The Company has established a robust process for identifying and appointing new directors with regard to the Skills Matrix, and with providing shareholders with optimum information for electing and re-electing directors. This process is summarised in the Nominations Committee Charter which is found on Bounty's website.

Bounty has written agreements in place with each director and senior executive setting out the terms of their appointment.

Role of the Company Secretary

The company secretary of Bounty is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. Each director can communicate directly with the company secretary. The role of the company secretary includes:

- advising the board and its committees on governance matters;



- co-ordinating the distribution of board papers, attending board and committee meetings and ensuring that proceedings are accurately captured in the minutes.

Diversity Policy

The Company recognises the benefits arising from employee and board diversity, including accessing different perspectives and ideas and benefitting from a greater pool of talent. The Company has a policy not to discriminate on the basis of gender, age, religion or disability. A copy of Bounty's Diversity Policy is available on the Bounty website.

Factors such as gender, race, age or disability are irrelevant and are not taken into account when making employment decisions. In all cases, the person most suited to the position is selected based on their skills and qualifications without bias or prejudice.

Consistent with Bounty's policy of non-discrimination, the Board has chosen not to set, and therefore not to report, specific measurable targets for gender diversity. However, the outcomes of this policy at all reporting levels at 30 June 2018 were:

Board	25% female
Senior executives	25% female

The Chairman and CEO roles are combined and are counted twice, once as a board member and once as an executive.

Evaluation and Review of Board Performance

The performance of individual directors is reviewed by the Chairman in a series of one-on-one meetings. The performance of the Board as a whole and of the Chairman is reviewed by all directors and the Board's direct reports. Analysis of the review may identify opportunities for improvement and actions. No review was held during the financial year.

Evaluation and Review of Senior Executives

The performance of the CEO is periodically reviewed by the Independent Directors. The results of those reviews form the basis of the Board's recommendation on short-term incentive payments. No review was held during the financial year. The first review will be held before 31 December 2018.



PRINCIPLE 2: Structure the Board to add value

Board Meetings

The Board typically meets monthly and holds additional meetings when necessary to address specific matters that arise. In between meetings, decisions may be adopted by way of circular resolution. The Board attempts to hold at least two meetings per year at the operations' sites. This adds to the Directors' understanding of the operations and the company culture.

Committees

The Board has established the following committees:

- Audit Committee
- Nominations Committee
- Remuneration Committee
- Risk Committee

Committee Membership is made up solely of the Company's independent, non-executive directors. Executive director Gary Cochrane attends meetings by invitation where the Committee members consider that there is no conflict of interest.

Appointment and retirement of directors

The procedures for election and retirement of directors are governed by the Constitution of Bounty. The composition of the Board is determined using the following principles:

- The Board shall comprise a majority of independent non-executive directors;
- Non-executive directors should have no management role within Bounty, but particular skills may be utilised from time to time in an advisory capacity;
- The Board shall comprise directors with a range of experience encompassing the current and proposed activities of Bounty;
- The Board recognises the value of diversity including age, gender, race, disability etc. in structuring the Board.
- Where a vacancy exists, the Committee will select an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Bounty Group. Such appointments will be referred to shareholders for re-election at the next annual general meeting; and
- All directors are subject to re-election by shareholders at least every three years.

Composition of the Board

Rob Stewart, Kevin Jiao and Julie Garland McLellan are independent non-executive directors. Gary Cochrane is a non-independent executive director.



Director	Appointed to the Board
Gary Cochrane (Chair)	25 November 2007
Rob Stewart	17 November 2009
Kevin Jiao	18 August 2016
Julie Garland McLellan *	10 November 2017

* Julie Garland McLellan was previously a director of Bounty between 2009 and 2016.

Bounty Board Skills Matrix

Bounty Mining faces risks in pursuing its strategy and has elected to assess the skills of its board against a matrix comprised of the skills, knowledge and experience required to successfully address these risks.

The Bounty board skills matrix is shown below:

3 is very capable
2 is adequate
1 is limited experience

Skills Matrix	Gary Cochrane Executive Chairman	Rob Stewart NED	Kevin Jiao NED	Julie Garland McLellan NED
Coal Industry Knowledge/Experience				
Coal Industry Experience	3	3	1	3
Knowledge of the coal sector	3	3	3	3
Knowledge of broad public policy direction Understanding of Government Legislation (State and Federal)	3	2	2	2
Coal market knowledge and supply/demand drivers	3	3	3	2
Technical Skills /Experience				
Accounting	2	2	2	2
Finance	3	2	3	2
Law/Contracts	3	3	3	1
Coal Marketing Experience/knowledge	3	2	3	1
Major project development	3	3	3	1
Mineral resource estimate knowledge	3	2	3	2



Experience in developing risk management systems	3	3	2	2
Major commercial contracts for rail and port etc	2	2	1	1
Major supplier and engineering contract experience	3	3	1	1
Exploration and resource development	3	3	3	1
Human resource management	2	3	1	2
Funding raising experience in debt and equity	3	2	3	2
CEO/Senior management experience	3	3	3	3
Strategy development and implementation	3	3	3	3
Shareholder/investor relations	3	2	3	3
Merger and acquisition and corporate transactions experience	3	3	2	1
Governance Competencies				
Director of previous ASX company	3	3	3	3
Director of medium organisation 5-250 people	1	3	1	3
Financial literacy	3	3	3	3
Strategic thinking/planning from a governance perspective	3	3	3	3
Executive performance management – management of the CEO	1	2	1	1
Governance related risk management experience	3	3	3	3
Compliance focus	2	3	2	3
Profile/reputation	3	3	2	1
Behavioural competencies				
Team player/collaborative	3	3	3	3
Ability and willingness to challenge and probe	3	3	3	3
Common sense and sound judgement	3	3	3	3
Integrity and high ethical standards	3	3	3	3
Listening skills	3	3	3	3
Verbal communication skills	3	3	3	3



Understanding and effective decision making processes	3	3	3	3
Willingness and ability to devote time and energy to the role	3	3	3	3

Independent Directors

The Board has accepted the following definition of an independent director. An independent director is a non-executive director who is not a member of management, and who:

- Is not a substantial shareholder (under the meaning of Corporations Act 2001) of Bounty or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of Bounty;
- Has not within the last three years been employed in an executive capacity by Bounty or another group member, or been a director after ceasing to hold any such employment;
- Is not a principal of a professional adviser to Bounty or another group member;
- Is not a significant consultant, supplier or customer of Bounty or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- Has no significant contractual relationship with Bounty or another group member other than as a director of Bounty; and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of Bounty.

Chairman Gary Cochrane is the Chief Executive Officer. Since September 2009, a company associated with Chairman Gary Cochrane, VETL Pty Ltd (“VETL”), has also been the principal lender to the Company, following the assignment of the Company’s loan facility and associated charges from Westpac bank to VETL, and the further lending by VETL to Bounty including the injection of funds and the capitalisation of interest. Following the partial conversion of the loan to equity the loan now stands at \$0.9m. VETL also holds approximately 10% of the shares of Bounty. Mr. Cochrane is therefore not considered to be an independent director.

Bounty therefore has not followed Recommendation 2.5 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 Board of Bounty considers that the current situation is appropriate to a company in Bounty’s circumstances. The Directors strictly monitor all potential conflicts of interest. Mr Cochrane is only



permitted to participate in discussions and votes where he has a material personal interest if this has been approved in his absence by a resolution of the other directors.

Independent Professional Advice and Access to Company Information

Each director has the right of access to all relevant Bounty Group information and Bounty's executives. Directors may seek independent professional advice, subject to agreement by the Chairman, at Bounty's expense. A copy of advice received by any director is to be made available to all other members of the Board.

The Company has established a program for inducting new directors. On an on-going basis directors are provided with information on matters which are considered may impact the operations of the Company.

PRINCIPLE 3: Act Ethically and Responsibly Code of Conduct

The Board supports high standards of corporate governance. Bounty has established a Code of Conduct which requires board members and staff to act with integrity and objectivity in relation to:

- Compliance with the law;
- Record keeping;
- Confidentiality;
- Professional conduct;
- Dealing with suppliers, advisers and regulators; and
- Dealing with the community and employees.

Directors and senior executives are subject to further requirements as follows:

Conflict of Interest

In accordance with the Corporations Act 2001 and Bounty's Constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of Bounty. The Board has processes for registering conflicts of interest at all Board and committee meetings and for managing conflicts by maintaining confidentiality of discussions and excluding conflicted directors or staff from discussions or decisions as appropriate.

Dealings in Bounty Shares

The Constitution permits directors, officers and employees to acquire shares in Bounty. Company policy prohibits directors, officers and employees from dealing in Bounty shares whilst in possession of price sensitive information or during certain periods of activity. The policy also addresses short-term dealings, margin loans and similar transactions. The Company's policy is available on Bounty's website.



Directors' and officers' duties

- To act honestly, in good faith and in the best interest of the Company as a whole at all times;
- To use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- To use the powers of the office for a proper purpose;
- To recognise that primary responsibility is to the Company's members as a whole, but where appropriate to have regard for the interests of all stakeholders;
- To refrain from making improper use of information acquired as a director;
- Not to allow personal interest, or the interest of any associated person, to conflict with the interests of the Company;
- To be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board;
- To maintain the confidentiality of information received in the course of the exercise of duties;
- Not to engage in conduct likely to bring discredit upon the Company; and
- To comply, at all times, with the spirit as well as the letter of the law and with the principles of this Code.

PRINCIPLE 4: Safeguard integrity in financial reporting

Audit Committee

The Company has an Audit Committee. Committee membership is based on the following principles:

- The Committee consists of independent non-executive board members;
- The Chairman of the Committee is independent, and is not the Chairman of the Board; and
- All members are financially literate and have an understanding of the industry in which the Company operates.

The Committee charter sets out the Committee's role and responsibilities, composition, structure and membership requirements, and the procedures for inviting non-committee members to attend meetings.

The charter is available on Bounty's website.

The Committee reports to the Board on all matters relevant to its role and responsibilities. The Committee has a schedule of meetings for the year which aligns with scheduled financial reporting requirements for the audit function of the Committee and may also meet from time to time as required.

Financial Reporting

Monthly actual results are reported and reviewed by the Board. The Bounty Group reports its financial performance to shareholders half-yearly, and reports a statement of cashflows quarterly, via the Australian Securities Exchange platform. The Committee reviews the integrity of the Company's financial reporting.



Certification of Financial Reports

The Chief Executive Officer and the Chief Financial Officer certify to the Board, for the purpose of S295A of the Corporations Act, each reporting period that:

The Company's financial records have been maintained in accordance with s286 of the Corporations Act 2001 ("the Act");

- The Company's financial reports comply with accounting standards as required by s296 of the Act, and give a true and fair view of the Company's financial position;
- The certification is based on a sound system of risk management and internal controls; and
- Those risk management systems and internal controls are operating efficiently and effectively.

External Auditors

The external auditors of Bounty have access to the Directors at all times. The external auditors attend each Annual General Meeting of the Company.

The nomination of external auditors is the annual responsibility of the Board.

The Board maintains an effective internal control framework to safeguard the Bounty Group's assets, maintain proper accounting records and ensure the reliability of financial information compiled by Bounty.

Audit Independence

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is included in the Annual Report for the year ended 30 June 2015. The Committee oversees the independence of the external auditors.

PRINCIPLE 5: Make timely and balanced disclosure

The Board aims to ensure that shareholders are at all times fully informed in accordance with the spirit and letter of the Australian Securities Exchange's continuous disclosure requirements.

Continuous Disclosure

In accordance with ASX Listing Rules 3.1, the Company has adopted the following practices and procedures for ensuring continuous disclosure to the market:

- At the time of induction, employees and key consultants are informed of the Company's policies and practices and obligations for continuous disclosure;
- All information, including material events and milestones, that can materially impact the share price of the Company must be brought to the attention of a director or the Company Secretary;



- Once a matter is identified as requiring announcement to ASX, the Company Secretary or delegated party prepares the announcement for the consideration of the full Board;
- The Board reviews the draft and ascertains from management that the announcement is based on fact and not misleading;
- The Board, or if the Board cannot be assembled in time, the Chairman, authorises the release the announcement to the market. All announcements are posted on the Company's web-site at www.bounty.com.au; and
- All external queries and comment in relation to an announcement are directed to the Chairman for response if appropriate.

Time is of the essence in respect to these matters.

PRINCIPLE 6: Respect the rights of security holders

The Board respects the rights of security holders by:

- Communicating effectively with them;
- Giving them ready access to balanced and understandable information about the Company and corporate proposals; and
- Making it easy for them to participate in general meetings.

Information is communicated to shareholders as follows:

- Publicly released documents and general information about the Company are made available on the Company's internet website at www.bounty.com.au. The web site is reviewed regularly to ensure information is up to date and accurate;
- The annual report is distributed to those shareholders requesting a hard copy. The report is available electronically on the Company's web-site. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- The half-year report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act 2001. It is reviewed by the Company's auditors and is lodged with the Australian Securities and Investments Commission and the ASX. The financial report is sent to any shareholder who requests it; and
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.



The Company has engaged an investor relations consultant and is developing an investor relations strategy. The culture of the board encourages 2-way contact with shareholders.

The Company's website has a phone number with which to contact the Company, and the Company's Secretary's email address is displayed on all communications with shareholders.

The Board encourages full participation by shareholders at and after the Annual General Meeting, and any other General Meetings held, to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. The Company's auditors are invited to attend each General Meeting, and shareholders are invited to ask questions of the auditors and directors. Important issues are presented to the shareholders as single resolutions.

The Chairman is in frequent contact with major shareholders and attends industry events at which shareholders are welcome to initiate contact.

The Shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

PRINCIPLE 7: Recognise and manage risk

Risk Committee

The Company has a Risk Committee. Committee membership is based on the following principles:

- The Committee consists of all independent non-executive board members; and
- The Chairman of the Committee is independent and is not the Chairman of the Board.

The Committee charter sets out the Committee's role and responsibilities, composition, structure and membership requirements, and the procedures for inviting non-committee members to attend meetings. The charter is available on Bounty's website.

Risk Management and internal control system

The Committee monitors areas of operational and financial risk and considers strategies for appropriate risk management. The Committee draws on the expertise of senior executives, key supervisory staff and, where appropriate, external consultants to assist in dealing with or mitigating areas of risk which are identified.



The committee reviews the entity's risk framework at least annually to satisfy itself that it remains sound. The framework was reviewed within the financial year.

The Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems.

The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the consolidated entity's business objectives. Control procedures cover management accounting, financial reporting, project appraisal, environment, IT security, compliance and other risk management issues.

Identification and Management of Risk

The Committee and management's collective experience enables accurate identification of the principal risks which may affect the Company's business. Management of these risks is discussed by the Board periodically at board meetings and strategic planning meetings. In addition, key operational risks and their management are recurring items for deliberation at board meetings.

Internal Audit

The Company does not have an internal audit function. The role of an internal audit function is to independently review the effectiveness of risk management, control and governance processes. Given the size of Bounty, the Company does not have an internal audit function because it considers it more effective that the full Board carry out these specific functions.

The Board has ensured appropriate segregation of duties. The Audit and Risk committees regularly engage in wide ranging discussions with the external auditors to seek their opinion on additional sources of risk and implements strategies to monitor and manage these.

PRINCIPLE 8: Remunerate fairly and responsibly

Remuneration Committee

The Company has a Remuneration Committee. Committee membership is based on the following principles:

- The Committee consists of all independent non-executive board members; and
- The Chairman of the Committee is independent and is not the Chairman of the Board.



The Committee charter sets out the Committee's role and responsibilities, composition, structure and membership requirements, and the procedures for inviting non-committee members to attend meetings. The charter is available on Bounty's website.

The objectives of the Committee are to assist the Board to discharge its corporate governance responsibilities to exercise due care and diligence and skill in:

- Recruitment and selection of board members and Chief Executive Officer;
- Setting key performance areas for the CEO and the regular review of CEO performance;
- Setting remuneration and benefits for executive and staff;
- Setting board remuneration and benefits; and
- Compliance with laws and regulations in relation to employment.

The remuneration of any executive director will be decided by the Committee without the affected executive director participating in that decision-making process. Any equity-based remuneration for executive and non-executive directors will only be made with the prior approval of shareholders in general meeting.

The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Company's Constitution, and the Corporations Act as applicable. The apportionment of non-executive director remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each nonexecutive director. A total fee available for non-executive directors is currently set at \$300,000 per annum, excluding superannuation.

The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Margin loans or similar funding arrangements

Bounty's securities trading policy includes the following:

- No person covered by this policy must enter into any margin loan or similar funding arrangement in relation to the Company's securities.
- Where margin loans or similar funding arrangement are already in place at the date of this reissued policy, the Company Secretary must be notified immediately as to the existence of the arrangement, the terms of the arrangement, the number of securities affected and any other relevant information.



No such arrangements have been notified to the Company Secretary.

Bounty's Securities Trading Policy is located on Bounty's website.

Summary:

Bounty has chosen to follow the ASX Corporate Governance Principles and Recommendations except as follows, for the reasons given in the relevant section above:

Principle	Description	Reason for not following:
1.5	Diversity policy – requirement to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them. Also, to report against the objectives.	Consistent with Bounty's policy of non-discrimination the Board has chosen not to set and therefore not to report, specific measurables for gender diversity.
2.5	The Chairman of the board should be an independent director and should not also be the CEO.	Gary Cochrane is not considered an independent director
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The directors have engaged an investor relations adviser and are working to implement an investor relations program.