



MIKOH Corporation Limited

Corporate Governance Charter

The Directors of Mikoh Corporation Limited (“Company”) are committed to achieving the highest standard of corporate governance.

Except where specified in this statement, the Company has adopted the ASX “Principles of Good Corporate Governance and Best Practice Recommendations”

The Company website has a dedicated section dealing with its corporate governance on which can be found this Corporate Governance Statement.

1. THE BOARD AND COMMITTEES

1.1 Role of the Board

The role of the Board is to provide strategic guidance for the Company and effective oversight of its management.

The Board is responsible for ensuring corporate governance standards and practices are maintained, providing guidance and direction to executive management and setting the overall strategic direction of Company.

While the Board retains ultimate authority over management, it has set up a framework for delegation of authority over the day-to-day management to the Managing Director.

1.2 Composition of the Board

The Board of four Directors comprises one independent non-executive Chairman, two independent non-executive Directors and one executive Managing Director. As a team, the Directors brings a broad range of qualifications with experience in management, finance, accounting, mineral exploration and extraction, legal and public company affairs and corporate governance.

Non-executive Directors are asked to commit no less than 20 days per year preparing and attending Board and committee meetings and performing associated corporate activities. The Directors meet formally at least 11 times a year and at the Chairman’s request, informally to discuss specific matters that may arise between scheduled meetings.

Each Director has signed an appointment letter setting out their rights and obligations as well as certain expectations. Pursuant to a “Deed of Access and Indemnity”, each Director has the right of access to all relevant Company information and to the Company’s executives. The Company also carries comprehensive Directors and Officers insurance.

Subject to prior consultation with the Chairman, Directors may seek independent professional advice from a suitably qualified adviser at the Company’s expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman’s approval of the fee payable for the advice before proceeding with the consultation. A copy

of the advice received by the Director is to be made available to all other members of the Board on request, unless it prejudices the position of the Director who obtained the advice.

1.3 Board Processes

The agenda for Board meetings is prepared in conjunction with the Chairman, Managing Director and Company Secretary. Standing items include the disclosures of interest, management reports, financial reports, compliance, and Company Secretarial matters. Submissions are circulated in advance and where necessary, external consultants are involved in Board discussions, thereby giving Directors the opportunity for wider contact with the businesses operations.

Directors are required to declare any conflict of interest when it arises. Directors must keep the Board advised on an ongoing basis, of any interest that could potentially conflict with those of the Company. The details of any Director's conflict of interest with the Company or any related entity are disclosed at every Board meeting. Directors must absent themselves from any discussion pertaining to any matter in which a Director has a material personal interest.

The Board has established a system of internal control, a risk management process, and appropriate ethical standards. To assist in their execution the Board has established two Board committees:

- A Nomination and Remuneration Committee; and
- An Audit, Corporate Governance, and Risk Management Committee.

Both of these committees have mandates that are set out in a "Charter" that is reviewed on a regular basis.

1.3.1 Audit, Corporate Governance and Risk Management Committee

The Audit, Corporate Governance, and Risk Management Committee is currently comprised of:

- Mr Riad Tayeh; and
- Mr Sevag Chalabian,

both of whom are independent non-Executive Directors. Mr Riad Tayeh is the Chairman of this committee.

Both Mr Tayeh and Mr Chalabian have appropriate financial, legal, and business expertise to act effectively as members of this committee.

The role of the committee is to provide advice and assistance to the Board on audit, corporate governance, and risk management matters including:

- Reviewing the performance and independence of the external auditors on an annual basis. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;

- Providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;
- Reviewing the annual, half-year, and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and assessing whether the financial information is adequate for shareholder needs;
- Organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board;
- Assessing the adequacy of the internal control framework, potential fraud situations and ensuring prompt and appropriate rectification of any deficiencies or breakdowns identified in systems;
- Establishing monitoring procedures to ensure compliance with the Corporations Act 2001 and ASX Listing Rules and all other regulatory requirements;
- Addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions; and
- Assessing the Company's corporate governance and risk assessment processes.

(a) Risk Profile

The Audit, Corporate Governance, and Risk Management Committee reports to the Board quarterly on the status of risks through integrated risk management programmes aimed at ensuring risks are identified, assessed, and appropriately managed.

Major risks arise from such matters as actions by competitors, government policy changes, the impact of exchange rate movements on the price of minerals, difficulties in environment, occupational health and safety, property, financial reporting, and the purchase, development and use of information systems.

(b) The Risk Management System

The Board oversees the establishment, and annual review of the Company's "Risk Management System" while management establishes and implements the Risk Management System to assess, monitor, and manage operational, financial, reporting, and compliance risks.

The Managing Director and the Company Secretary (also the Chief Financial Officer) declare in writing to the Board, on presenting the half-year and full year accounts, that:

- The financial reporting and operational, risk management and associated compliance and controls systems have been assessed and found to be operating efficiently and effectively;
- All risk assessments cover the whole financial year and the period up to the signing of the half-year and annual financial reports; and
- The Company's financial reports present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The Audit, Corporate Governance, and Risk Management Committee has direct access to any contractor, employee, the external auditor or any other independent expert and adviser that it considers appropriate in order to ensure that its responsibilities can be carried out effectively.

(c) Risk Management and Compliance and Control

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

The Managing Director and the Company Secretary are responsible for interpreting the Company's internal control policy and where necessary advising the Board and seeking approval of their interpretation.

The Company Secretary carries out an internal audit function by regularly reviewing internal controls, Board policy and risk management programs to ensure compliance and reporting on them to the Board. For these matters the Company Secretary is accountable to the Board through the Chairman.

The Board's policy on internal control is comprehensive and comprises the Company's internal compliance and control systems, including:

- ***Functional Speciality Reporting:*** Key areas subject to regular reporting to the Board include treasury, operations, environmental, legal and financial matters;
- ***Investment Appraisal:*** Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures and due diligence requirements where tenements are being acquired or divested.

Comprehensive practices have been established to ensure:

- That there are appropriate levels of authority in place;
- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the use of derivatives;
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed;
- Monthly actual results are reported against forecasts approved by the Directors and the forecasts for the year are revised regularly;
- Formal ethical standards appraisals are conducted at least annually for all employees to ensure that they are complying with the Company's Code of Ethics;
- A formal succession plan is in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur; and
- Procedures are in place to ensure that there is financial reporting accuracy and compliance with the financial reporting regulatory framework.

1.3.2 Remuneration and Nomination Committee

The Remuneration and Nominations Committee is currently comprised of;

- Mr Sevag Chalabian; and
- Mr Riad Tayeh;

Mr Chalabian is the Chairman of this committee. Messrs Chalabian and Tayeh are both independent non-executive Directors.

The role of the Remunerations and Nominations Committee is to determine the following:

- That there is implementation of appropriate remuneration policies with respect to executive Directors, senior managers, consultants, non-executive Directors and other key employees;

- That any incentive schemes for Directors and senior managers that are implemented are designed to enhance corporate and individual performance;
- That there are retention strategies and succession planning for executive Directors and senior management;
- That the composition of Board provides appropriate competencies for the Company;
- That there is appropriate evaluation of Directors and senior executives and in particular processes for the evaluation of the performance of the Managing Director.

Principles used to determine the nature and amount of Remuneration are as follows:

- The remuneration policy has been designed to align director and executive objectives with shareholder's and the Company's objectives by providing a fixed remuneration component and offering incentives based on key performance areas affecting the Company's financial results; and
- The remuneration policy is appropriate and effective in its ability to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

(a) Executive Directors and Senior Executives

The Remuneration and Nominations Committee develops the remuneration policies and the terms and conditions of employment for executive Directors and senior executives which is then approved by the Board.

The committee reviews senior executive remuneration packages annually by reference to the Company's performance, the executive Director or senior executive's performance, comparable information from industry sectors and other listed companies in similar industries and by reference to external remuneration reports. This provides a basis to ensure that base remuneration is set to reflect the market for a comparable role.

The performance of senior executives is measured against criteria agreed annually with each senior executive and all bonuses and incentives are linked to predetermined performance criteria.

The Board may however exercise its discretion in relation to approving incentives and bonuses and can recommend changes to the Committee's recommendations. Any changes

must be justified by reference to measurable performance criteria.

(b) Non-Executive Directors

The Board's policy is to remunerate Non-executive Directors at market rates for comparable companies, for time, commitment, and their responsibilities.

The Managing Director in consultation with the Chairman determines the remuneration of the non-executive Directors and reviews it annually, based on market practice, duties, and accountability. Independent external advice is sought where required.

Fees for Non-executive Directors are not linked to the performance of the Company however, to align Directors' interests with shareholder interests the Directors are encouraged to hold shares in the Company and may, with shareholder approval, be issued shares and/or options to this effect.

(c) Retirement Allowances

No retirement allowances exist for Directors. The senior executives and executive Directors receive a superannuation guarantee contribution as required by the Federal Government, which is currently 9%, but do not receive any other retirement benefits.

Some individuals may choose to sacrifice part of their remuneration to increased payments towards superannuation.

2. CORPORATE GOVERNANCE POLICIES

2.1 Policy on Code of Conduct and Ethics

The Board reviews the Code of Conduct and Ethics regularly and processes are in place to promote and communicate these policies.

All Directors, executives, and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Every employee or consultant has a nominated supervisor to whom they may refer any issues arising from their engagement.

The Code of Conduct and Ethics established by the Board is as follows:

- To maintain appropriate core Company values and objectives;
- To establish and maintain appropriate legal and ethical standards in dealings with business associates, consultants, advisers, regulators, competitors, employees and any other stakeholders of Company;

- To maintain employment practices such as occupational health and safety and giving existing employees the opportunity to better themselves by offering employment opportunities internally;
- To ensure employees privacy by the appropriate use of privileged or confidential information;
- Prevent Directors and senior executives from taking advantage of property, information or position for personal gain;
- Ensure that the Company, Directors and all employees and contractors are fair in their dealings and avoid conflicts of interest;
- Maintaining confidentiality of Company information, establish a basis for reporting of unethical behaviour and ensure compliance with laws.

2.2 Share Trading Policy

Directors and senior executives may acquire shares in the Company, but are prohibited from dealing in Company shares other than:

- Between day 3 and 14 after either the release to the ASX of the Company's annual financial report, half-yearly report, the release of any other announcement which may be price sensitive or the holding of the annual general meeting; and/or
- Whilst a Directors and/or senior executive is in possession of price sensitive information not yet released to the market.

Directors and senior executives are required to:

- Comply with the insider trading provisions of the Corporations Act 2001;
- Provide details of intended trading in the Company's shares and the subsequent confirmation of the trade;
- Advise any debt or pledge of any shares that may lead to the shares changing ownership outside of the control of the Director or senior manager;
- Advise of any unusual circumstances where discretions may have been exercised outside of these rules such as in cases of financial hardship; and
- Raise the awareness of these prohibitions with colleagues and external advisers.

2.3 Environmental Policy

The Company is committed to achieving a high standard of environmental performance. Environmental performance is monitored by the Board and as part of this the Board:

- Sets and communicates the environmental objectives and targets of the Company;
- Monitors progress against these objectives and targets; and
- Implements environmental management plans in areas which may have a significant environmental impact.

2.4 Policy on Disclosure to Shareholders

The Board provides shareholders with information using a comprehensive “Continuous Disclosure Policy” which includes identifying matters that may have a material effect on the price of the Company’s securities, notifying them to the ASX, posting them on the Company’s website, and issuing media releases.

In summary, the Continuous Disclosure Policy operates as follows:

- All matters that are of a nature as to reasonably expect that they would affect the price of the Company’s shares are advised to the ASX on the day they are discovered;
- It is the Company Secretary who is responsible for all communications with the ASX;
- All announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company’s website after they are released to the ASX;
- The full annual audited financial report and the half-yearly report are available to all shareholders that request them. The half-yearly report contains summarised financial information and which is not audited, but is reviewed by the auditors;
- Proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders;
- A copy of the Constitution is available to any shareholder who requests it.

2.5 Rights of Shareholders

The Board encourages full participation of shareholders at the any general meeting, to ensure a high level of accountability and identification with the Company’s strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors (“Remuneration Report”), the granting of options and shares to Directors and changes to the Constitution.

The external auditor attends the annual general meetings to answer questions concerning the conduct of an audit, the preparation, and content of the auditor’s report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.