

CORPORATE GOVERNANCE COMMITTEE CHARTER

MASTER DRILLING GROUP LIMITED

Reviewed March 2019



MASTER DRILLING

Master Drilling Group Limited (“the Company”)

**Corporate Governance Committee Charter
2019**

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1. Constitution

- 1.1 The Corporate Governance Committee (the “Committee”) of the Company is appointed by the Board of Directors (the “Board”). The Committee is responsible for making recommendations to the Board in all matters relating to the development, evaluation and monitoring of the Company’s corporate governance processes, policies and principles and making recommendations to the Board on revisions from time to time as appropriate; and to assess on an annual basis the independence and any potential conflicts of interests of the Company’s independent directors (as defined in Principle 7, recommended practice 25-30 of the King IV Report on Corporate Governance for South Africa 2016 (“King IV”) and the Listing Requirements of the JSE Ltd (“the JSE”).
- 1.2 The Board should assume responsibility for the governance of compliance with applicable laws and adopted, non-binding rules, codes and standards by setting the direction for how compliance should be approached and addressed in the organisation (Principle 13 of King IV
- 1.3 The Committee’s procedures should remain flexible to best react to changing conditions and requirements and to assure the Board and the Company’s stakeholders that the corporate governance practices of the Company are in accordance with applicable requirements and are of the highest integrity.
- 1.4 The terms of reference are detailed herein and should be reviewed at least annually by the Committee and may be amended from time to time, as required, subject to the approval of the Board.

2. Membership and Chairperson

- 2.1 The Chairperson of the Board should be a member of the Corporate Governance Committee.
- 2.2 The Committee shall consist of at least three directors appointed by the Board, all of whom must be non-executive, with the majority being independent non-executive directors. Committee members shall serve at the discretion of the Board.
- 2.3 The Chairperson of the Committee shall be appointed by the Board.

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3. Terms of Reference

The duties of the Committee shall include, without limitation, the following:

- 3.1 Recommend for approval by the Board policy that articulates and gives effect to its direction on governance compliance, and identifies which non-binding rules, codes and standards the organisation has adopted.
- 3.2 Review, at least annually, the Company's compliance with the corporate governance requirements in applicable listing standards, the Listing Requirements of the JSE or other applicable laws or regulations and report to the Board regarding the same.
- 3.3 Advise the Board periodically with respect to significant developments in the law and practice of corporate governance, recognising that the other Board Committees may also advise the Board in relation to significant governance developments within their specific areas of responsibility.
- 3.4 Review and recommend to the Board for approval the Corporate Governance Statement for inclusion in the Integrated Annual Report.
- 3.5 Recommend to the Board the appropriate explanation to be communicated to shareholders in the Integrated Annual Report where "apply and explain" standards are required. Where this overlaps with the work of another Board committee the proposed explanation will also be reviewed by such other Board committee.
- 3.6 Review and make recommendations to the Board regarding conflicts of interest and related party transactions.
- 3.7 Liaise with the Board in relation to the preparation of the Committee's report/s to shareholders, if such a report is required.
- 3.8 Review the outcome of the Board and Committee annual evaluation.

4. Meetings

- 4.1 Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee should meet at least once each year. Any member of the Committee may call a meeting at any time.
- 4.2 Reasonable notice of each meeting of the Committee and the agenda shall, other than under exceptional circumstances, be given to each member of the Committee.

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- 4.3 A quorum for decisions of the Committee shall be any three members present (two of whom must be independent).
- 4.4 The Chairperson (or in his absence, another member) of the Committee shall attend the annual general meeting of the Company and be prepared to answer questions concerning matters that fall under the Committee's Terms of Reference.
- 4.5 The Chairperson shall ensure that minutes of meetings are kept. Minutes of all meetings shall be circulated to all the members of the Committee and may also, if the Chairperson of the Committee so decides, be circulated to other members of the Board. Any director may, provided that there is no conflict of interest and with the agreement of the Chairperson, obtain copies of the Committee's minutes.
- 4.6 The Company Secretary shall ascertain at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. If any conflict of interest exists, the director subject to the conflict shall not participate or vote on the issue giving rise to the conflict.
- 4.7 Minutes of meetings shall be taken by the Group Company Secretary. Information and minutes of any previous meetings of the Committee must be distributed to Committee members within a reasonable time prior to the next meeting of the Committee.
- 4.8 All minutes of meetings of the Committee must be reviewed by the Committee chairman prior to their distribution to the Committee members for review and approval.
- 4.9 Any director may, provided that there is no conflict of interest and with the consent of the chairperson of the Committee, obtain copies of the Committee's minutes.
- 4.10 Every member of the Board is entitled to attend any Committee meeting as an observer. However, unless that Board member is also a member of the Committee, the Board member is not entitled to participate without the consent of the Committee chairman; does not have a vote; and is not entitled to fees for such attendance, unless the shareholders of the Company have approved such fees.
- 4.11 The members of the committee and invitees, if any, may participate in any meeting of the committee through the use of a conference telephone, video conference or other communication equipment by means of which all person participating in the meeting can hear each other at approximately the same time, provided that only members of the Committee shall be entitled to vote at such meetings. Such participation by members constitutes attendance and presence in person at the meeting and a member who so participates will form part of the quorum necessary for the transaction of the business meeting.

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5. Remuneration

- 5.1 Having regard to the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee, and pursuant to the specific power conferred upon the Board by the memorandum of incorporation of the Company, members of the Committee may be paid such special remuneration in respect of their appointment as may be approved by shareholders.
- 5.2 Such special remuneration shall be in addition to the annual fees payable to directors.

6. Authority

- 6.1 Where the circumstances so warrant, the Committee and/or any member thereof, in carrying out its/his duties is authorised by the Board:
- 6.1.1. to investigate any activities within its terms of reference;
 - 6.1.2. to engage, at the expense of the Company, the services of external advisors in respect of the affairs of the Company and to assist in the adequate carrying out of its/his duties associated with the Company at the expense of the Company. This right is, however, subject to a Board procedure that requires approval from the Chairman of the Board of any such appointment of an external advisor; and
 - 6.1.3. to seek any information, it requires from any employee, and all employees are directed to co-operate with any requests made by the Committee.

7. Reporting requirements

- 7.1 The following should be disclosed in relation to each committee of the Board:
- 7.1.1 Its overall role and associated responsibilities and functions;
 - 7.1.2 Its composition, including each member's qualifications and experience;
 - 7.1.3 Any external advisors or invitees who regularly attend committee meetings;
 - 7.1.4 Key areas of focus during the reporting period;
 - 7.1.5 The number of meetings held during the reporting period and attendance at those meetings;
 - 7.1.6 Whether the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference during the reporting period.
- 7.2 This Committee will regularly report to the Board on all significant matters it has addressed and with respect to such other matters that are within its responsibilities.

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- 7.3 The Committee performs a self-evaluation of its effectiveness each alternate year and reports the results thereof to the Board.

8. Review and amendment

- 8.1 This Charter shall be reviewed annually and may be amended from time to time as required, subject to the approval of the Board.

This Charter was reviewed and approved by the Board of Directors in March 2019.