

BUDGET POLICY

N-MINING LIMITED

APPROVED BY THE BOARD OF DIRECTORS

I. INTRODUCTION

- 1.1.** The Board of Directors of N-MINING LIMITED approves and controls the execution of the budget of N-MINING LIMITED and all its Subsidiaries (further the “Group” or “NM Group”) and for ensuring that the Group operates within a responsible, sustainable financial framework.
- 1.2.** In line with this responsibility, the Board of Directors of N-MINING LIMITED conducts a budget planning process each year as part of its annual business planning.

II. PURPOSE

- 2.1.** This policy is designed to set out the process for compiling, monitoring and reviewing N-MINING LIMITED annual budget.

III. POLICY

- 3.1.** The Board of Directors of N-MINING LIMITED conducts a budget planning process each year as part of its annual business planning.
- 3.2.** The Group operates under a budget that must be flexible in responding to unforeseen events, including possible reductions in cash flow, and therefore be regularly monitored and reviewed.

IV. RESPONSIBILITIES

- 4.1.** The Board of Directors of N-MINING LIMITED has ultimate responsibility for overseeing the budget of the Group and for ensuring that the Group operates within a responsible, sustainable financial framework.
- 4.2.** It is the responsibility of the person, who is appointed by the Board of Directors, to prepare all budgets and review budgets in consultation with the Board of Directors (“Responsible person”).
- 4.3.** The Responsible person has overall responsibility for the preparation of the Annual Budget. This responsibility includes:
 - Issuing detailed instructions and a timetable for completion to individual group companies to enable the required information to be produced.

- Reviewing information supplied by individual group companies.
 - Reviewing the consolidated information for the Group.
 - Presenting the Consolidated Group Budget for consideration and approval to the Board of Directors.
 - Preparation and presentation to the Board of Directors of adjustments to the Annual budget in accordance with clause 5.4.3.
- 4.4.** The “Consolidated Group Budget” is prepared based on “individual budgets” prepared by each subsidiary. Subsidiary budgets are based on the Group’s overall strategy. The day-to-day preparation of the budgets, and preparation of the monthly management accounts, is performed by the appointed person, who is responsible for, under direct guidance from the Responsible person, appointed by the Board of Directors. For the purpose of convenience, each subsidiary could prepare semi-annual and quarterly budgets for its own purpose.

V. PROCEDURES

5.1. Preparation of the Budget

5.1.1. In November each year, the Responsible person starts preparing the budget estimates as part of the Business Plan for the financial year. The process includes:

- considering operational costs;
- setting payroll costs; and
- estimating income (where applicable).

5.1.2. The initial budget estimates are based on the current expenditure projections to end of year, plus Consumer Price Increments for salaries or relevant wage increases, revisions to awards/contracts, and increase on operating expenses such as power, telephones, etc. The Responsible person shall be provided with information about how cost increases will be absorbed or will lead to increases in service charges.

5.1.3. The Responsible person will present the draft budget for discussion at the Board of Directors meeting. The Board of Directors may accept the estimates as presented or may request variations, within the context of the Business Plan. A

detailed report denoting reasons for decisions should be attached to the draft budget for discussion.

5.1.4. The Responsible person will then revise the draft and present the amended draft budget at the next available Board of Directors meeting, usually in November but no later than middle of December. Once adopted by the Board of Directors, this becomes the official operating budget for N-MINING LIMITED for the following financial year, and all Board of Directors members and employees must work within the financial limits stated or implied by this document.

5.2. Annual Budget

5.2.1. The annual budget is finalised and approved by the Board of Directors prior to the commencement of each financial year ended December 31st. The budget is prepared for each quarter of the following year and is adjusted quarterly based on actual performance and also is the basis for regular monitoring of performance, at each level of detail, during the following financial year and comprises:

- Profit and Loss Account.
- Balance Sheet.
- Cash Flow Statement.
- Capital Expenditure Report.
- Analysis of operating expenses and cash costs.
- Administrative expenses, with appropriate breakdown.
- Key accounting ratios.

5.2.2. In addition to the financial information, the budget incorporates text on such matters as volumes produced, the expected gold price, exploration work costs, cost of fixed asset repairs and other key production assumptions when applicable.

5.3. The key timing of the Annual Budget preparation

5.3.1. The key timings in the preparation of the Annual Budget are as follows:

- Circulation of timetable in mid-September;
- Information on key variables (e.g. Revenue, Capex, payroll) for each entity to be collected by early/mid-November;

- Circulation of Budget pack format to be completed by early November;
- Subsidiaries' Budget review by the Responsible person by the beginning of November;
- Draft consolidated Budget circulated for review by the Responsible person by mid-November;
- Final budget review to be performed by the Responsible person by the end of November (not later than the beginning of December);
- Final "Consolidated Group Budget" is approved by the Responsible person and the Board of Directors (usually at mid-December) and afterwards becomes the key instrument for operating control over Group performance.

5.4. The Budget systems operation

5.4.1. The budgeting systems operate at two levels of detail, namely:

- Operational (individual group company level); and
- Group level (consolidated).

5.4.2. The Budget is to be approved by the Board of Directors at the end of December prior to the commencement of the budget year. In case the Budget is not approved by the end of the year, each Subsidiary of the Group spends money on the basis of a monthly budget, approved the Subsidiaries' Financial Officers and by the Board of Directors, till the beginning of the next month.

5.4.3. The Budget may be adjusted quarterly on actual performance results during the previous quarter. Changes to the forecast, and the reasons for the changes are communicated to the Responsible person and then to the Board of Directors. Any subsidiaries' budget changes are reviewed by the Responsible person and in case of approval, forwarded to the Board of Directors for consideration and approval.

5.4.4. Annual business plan, up to two years in advance, is prepared (covering investments, production and other business metrics). The annual business plan is approved by the Responsible person prior to consideration and approval by the Board of Directors.

5.4.5. The Responsible person is responsible for maintaining a two-year rolling consolidated forecast based on IFRS, updated quarterly based upon revised information, and made available to the Board of Directors.

5.5. Monitoring and Reviewing the Budget

5.5.1. The Responsible person is responsible for monitoring the organisation's expenditure, reviewing the actual and budgeted expenditures, and reporting on the progress of such expenditure.

5.5.2. Financial reports will be prepared each month showing the year-to-date expenditure and its variation from the budget estimates and indicating any increases or decreases in funding. A detailed commentary should be attached to Board of Directors reports detailing reasons for variations and recommendations for corrective action should that be required.

5.5.3. The Responsible person will indicate what effect any variations will have on the budget projections and provide this information to the Board of Directors. The Responsible person will also report on any other financial matters that may be related to the Business Plan.

5.5.4. Once adopted by the Board of Directors, the Amended Budget will become the new operating budget for the remainder of that financial year.