

**Corporate Governance Statement  
and Compliance with Corporate Governance Principles and Recommendations.**

The primary responsibility of the Board is to represent and advance shareholders' interest and to protect the interests of all stakeholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievements of these goals.

The Company has established a set of corporate governance policies and procedures that are based on the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principle & Recommendations**").

The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the Principles and Recommendations during the period. Where a recommendation has not been followed that fact has been disclosed, together with the reasons for the departure.

**Corporate Governance Compliance**

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

**Principle 1 – Lay solid foundations for management and oversight**

The Board has also adopted a Board Charter which details functions and responsibilities of the Board and those designated to management.

**Principle 2 – Structure the board to add value**

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgement.

2.1 The Company does have a majority of independent directors.

The Board is comprised of five directors, two of whom are executive directors. The non-executive independent directors are David Archer, Murray Hodges, Justin Evans. Robert Smakman is the Managing Director and CEO, and Paul Stephen is the Executive Director and as such they are not independent directors.

2.2 The Chairman is an independent director.

The Company's Chairman, David Archer, is a non-executive, independent director.

2.3 A separate nomination committee has not been formed.

The full Board considers those matters and issues arising that would be usually fall to a Nomination Committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.

**Principle 3 – Promote ethical and responsible decision-making**

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Company also has a policy concerning trading in the Company's securities by directors, senior executives and employees.

**Principle 4 – Safeguard integrity in financial reporting**

4.1 The Company does not have a separate audit committee.

4.2 The Board does not meet the compositional requirements set out in Recommendation 4.2.

4.3 The Company has not adopted an audit committee charter

The Board considers that the Company is not of size, nor are its financial affairs of such complexity to justify the formation of an audit committee. It is the Board's responsibility to ensure that an effective internal control framework exist within the entity. This includes internal controls to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and reliability of financial information and non financial information. It is the Board's responsibly for the establishment of the maintenance of framework of internal control. At such time when the Company is of sufficient size an audit and risk management committee charter will be adopted and the committee formed.

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**Principle 5 – Make timely and balanced disclosure**

The company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

**Principle 6 – Respect the rights of shareholders**

The company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

**Principle 7 – Recognise and manage risk**

This principle requires the Company to establish a system of risk oversight and management and internal control. The Company recognises the importance of managing risk and continues to put in place systems to assess, monitor and manage risk based on the Company's size, history and strategy. The exploration and development of natural resources is a speculative activity that involves a high degree of financial risk.

The Company's Managing Director, subject to the review of the Board, is responsible for the identification of material risks to the business and the design and implementation of internal control systems to manage the identified risks.

The Managing Director and the equivalent of the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects.

The principle areas of risk for the Company are in:

- Occupational health and safety and work related safety risks
- Environmental risks
- Security of tenure over tenements
- Financial risk in the areas of maintaining sufficient funding for the continuation of operations and risks related to fraud, misappropriation and errors

**Principal 8 – Remunerate fairly and responsibly**

8.1 The Company does not have a separate remuneration committee.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.