



ACN 121 184 316

## Corporate Governance Statement

### OVERVIEW

The Board of Directors (**Board**) of Potash Minerals Limited (**the Company**) is responsible for the overall corporate governance of the Company, and is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the Australian Securities Exchange (ASX) Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations (3<sup>rd</sup> Edition)* (**the Principles and Recommendations**).

In line with the above, the Board has set out the way forward for the Company in its implementation of the Principles and Recommendations. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the Principles and Recommendations. Where the Company has not adhered to the Principles and Recommendations it has stated that fact in this Corporate Governance Statement. This statement is current as at 28 September 2015.

Principle / Recommendation	Compliance	Reference	Commentary
<b>Principle 1: Lay solid foundations for management and oversight</b>			
<u>Recommendation 1.1</u> A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	Statement of Board and Management Functions	The Company has adopted a Policy, which discloses the specific responsibilities of the Board.  The role of the Board is to: (a) protect and enhance shareholder value; (b) provide strategic direction for the Company, establish goals for management and monitor the achievement of those goals; (c) operate on the principle that Management formulates (proposals), the Board ratifies, then Management implements and monitors; and (d) consider and pursue different directions for the company including mergers and acquisitions as appropriate.  The Board is collectively responsible for promoting the success of the Company by:

			<p>(a) monitoring the Company's framework of control and accountability systems to enable risk to be assessed and managed which includes but is not limited to (b) to (k);</p> <p>(b) ensuring the Company is properly managed for example by:</p> <ul style="list-style-type: none"> <li>(i) appointing and removing the managing director of the Company;</li> <li>(ii) ratifying the appointment and, where appropriate, the removal of the chief financial officer and the Company secretary;</li> <li>(iii) input into and final approval of management's development of corporate strategy and performance objectives;</li> <li>(iv) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;</li> <li>(v) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;</li> </ul> <p>(c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;</p> <p>(d) approval of the annual budget;</p> <p>(e) monitoring the financial performance of the Company;</p> <p>(f) approving and monitoring financial and other reporting;</p> <p>(g) overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;</p> <p>(h) liaising with the Company's external auditors and Audit Committee;</p> <p>(i) monitoring the environmental performance of the Company;</p> <p>(j) approving employee and community relations policy; and</p> <p>(k) safety and health policy.</p> <p>The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.</p> <p>The Board may from time to time, delegate some of its responsibilities listed above to its senior management team (except for paragraphs (a), (b), (f) and (g) and where any matter exceeds the Materiality Threshold as defined within the Policy.</p> <p>The Board's role and the Company's corporate governance practices are periodically reviewed</p>
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			and improved as required.
<p><u>Recommendation 1.2</u> A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re- elect a director.</p>	Yes	Director Selection Procedure	<p>Directors of the Company (<b>Directors</b>) are appointed based on the specific governance skills required by the Company. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality and integrity of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's operations. The Company's current directors all have relevant experience in the operations. In addition, Directors should have the relevant blend of personal experience in:</p> <ul style="list-style-type: none"> <li>• Accounting and financial management; and</li> <li>• Director-level business experience.</li> </ul> <p>New directors are invited to join the Board by the chairperson, who makes the invitation based on recommendations made by the Board and approved by the Board.</p> <p>The Chairman, Mr Ananda Kathiravelu and Non-Executive Director, Mr Richard Monti have both been directors since the Company's incorporation in 2006. They have both assessed each of the other Directors, both past and present, prior to their election or appointment, and they consider that each candidate had appropriate experience that was of value to the Company at the time and had strong professional reputation in their relevant industry.</p> <p>On 14 October 2011, Mr Ben Binninger was appointed as Non-Executive Director of Potash Minerals Limited which was ratified at the 2012 Annual General Meeting. All material information relevant to his election was contained within the 2012 Notice of Meeting.</p> <p>In respect of any future Directors, the Company will continue to conduct specific and appropriate checks of candidates prior to their appointment or nomination for election by shareholders. However the Company does not propose to conduct these checks prior to nominating an existing Director for re-election by shareholders at a general meeting on the basis that it is not considered necessary in the Company's circumstances.</p>

			Currently, the Company includes in its notice of meetings a brief biography which sets out relevant qualifications and professional experience, of each Director who stands for election or re-election, for consideration by shareholders.
<u>Recommendation 1.3</u> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Kept at registered office	<p>The Company seeks to engage or employ its Directors and other senior management under written agreements setting out key terms and otherwise governing their engagement or employment by the Company.</p> <p>The Company's Chairman and Non-Executive Directors are employed pursuant to a letter of appointment with the Company.</p>
<u>Recommendation 1.4</u> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes		The Company Secretary reports directly, and is accountable, to the Board through the Chairman in relation to all governance matters.
<u>Recommendation 1.5</u> A listed entity should: <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set</li> </ul>	No		<p>The Company has not adopted an express policy specifically addressing achieving gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future.</p> <p>Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity.</p> <p>The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.</p> <p>The Company currently has no women board members, senior executives or employees.</p> <p>However, it is Company practice to recruit from a diverse pool of candidates for all positions,</p>

<p>by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <ol style="list-style-type: none"> <li>1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ol>			<p>including senior management and the Board.</p>
<p><u>Recommendation 1.6</u> A listed entity should:</p> <ol style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was</li> </ol>	<p>No</p>		<p>Whilst it is the policy of the Board to conduct evaluation of its performance through its Board Charter, the Company does not have in place a formal process for evaluation of the Board, its committees and individual Directors.</p> <p>The small size of the Board and the nature of the Company's activities make the establishment of a formal performance evaluation strategy unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of senior management, Directors and the Board as a whole.</p>

undertaken in the reporting period in accordance with that process.			
<u>Recommendation 1.7</u> A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	No		<p>The Company does not have in place a formal process for evaluation of its senior executives.</p> <p>Given the Company's size, the establishment of a formal performance evaluation strategy was not necessary. As with valuation of Directors, performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of senior management.</p>
<b>Principle 2: Structure the board to add value</b>			
<u>Recommendation 2.1</u> The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which: <ol style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, and disclose:</li> <li>3. the charter of the committee;</li> <li>4. the members of the committee; and</li> <li>5. as at the end of each reporting period, the</li> </ol> </li> </ul>	Yes – 2.1(b)  No – 2.1(a)		<p>Given the size of the Board there is no formal nomination committee.</p> <p>Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.</p> <p>As a matter of practice, candidates for the office of Director are individually assessed by the Board before appointment or nomination to ensure they possess the relevant skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.</p> <p>The Board intends to review the requirement for a separate nomination committee as the Company's operations develop in size, nature and scope.</p>

<p>number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>			
<p><u>Recommendation 2.2</u></p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Yes		<p>The Company does not currently have a skills or diversity matrix in relation to its Board members.</p> <p>The Board considers that such a matrix is not necessary given the current size and scope of the Company's operations. However, the Board may adopt such a matrix as the Company's operations develop in size, nature and scope.</p>
<p><u>Recommendation 2.3</u></p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it</p>	Yes		<p>The Board currently comprises the following members:</p> <p>(a) Mr Ananda Kathiravelu is Executive Chairman of the Company and has held office since the Company was incorporated. The Board does not consider Mr Kathiravelu to be independent as he is an executive and is directly involved in the day-to-day management of the Company.</p> <p>(b) Mr Richard Monti is Non-Executive Director of the Company and has held office since the Company was incorporated. The Board considers Mr Monti to be independent as he is not involved in the day-to-day management of the Company.</p> <p>(c) Mr Ben Binninger (appointed 11 October 2011) is Non-Executive Director of the Company.</p>

<p>does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>			<p>The Board does not consider Mr Binninger to be independent as an entity he served as the Company CEO and overseas the Company's activities in the USA.</p>
<p><u>Recommendation 2.4</u> A majority of the board of a listed entity should be independent directors.</p>	No		<p>Presently, the Board does not comprise a majority of "independent directors".</p> <p>There is only one Director who currently satisfies the definition of independence for the purposes of Principle and Recommendation 2.3, being Mr Richard Monti</p> <p>The Board considers that given the size and scope of the group at present, that it has the relevant experience on the Board and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders, strategically and operationally.</p> <p>However, the Board does review this position at each Board Meeting and intends to review the requirement for, and benefits of, additional independent Directors as the Company's operations develop in size, nature and scope.</p>
<p><u>Recommendation 2.5</u> 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.</p>	No		<p>The roles of Chairman and Managing Director are performed by Mr Ananda Kathiravelu.</p> <p>The Chairman, Ananda Kathiravelu, is not independent under definition in the Principles and Recommendations. The Board believes the alignment of the interests of Directors with those of shareholders as being the most efficient way to ensure shareholders' interests are protected. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.</p>



<p><u>Recommendation 2.6</u> A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	No		<p>The Company does not currently have a formal induction program for new Directors nor does it have a professional development program for existing Directors. The Board does not consider it necessary to have a formal induction program given the current size and scope of operations. However, the Board intends to review the requirement for, and benefits of, a formal induction program and professional development program as the Company change and grow in size and complexity.</p> <p>All Directors are generally experienced in various facets of professional development albeit not all in the same area. Some of the current Directors have experience in other listed companies. The Board seeks to ensure that all of its members understand the Company's operations. Directors also attend, either through the Company or for their own professional development requirements, seminars, industry conferences, technical reading and research, to maintain and develop their knowledge.</p>
<b>Principle 3: Act ethically and responsibly</b>			
<p><u>Recommendation 3.1</u> A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.</p>	Yes		<p>As part of the Board's commitment to the highest standard of conduct, the consolidated entity requires executives, management and employees in carrying out their duties and responsibilities to act ethically and lawfully with respect to all transactions and matters including:-</p> <ul style="list-style-type: none"> <li>• Responsibilities to shareholders;</li> <li>• Compliance with laws and regulations;</li> <li>• Relations with customers and suppliers;</li> <li>• Ethical responsibilities;</li> <li>• Employment practices; and</li> <li>• Responsibilities to the environment and the community.</li> </ul> <p>The Company has established an Overview of Fiduciary and Statutory Duties Imposed on Directors of Public Companies and a Code of Conduct for Company Executives</p> <p>The Company has not established a formal code of conduct in accordance with the Recommendations but as the Company's activities develop in size, nature and scope, the implementation of a formal code will be given further consideration.</p>

<b>Principle 4: Safeguard integrity in corporate reporting</b>			
<p><u>Recommendation 4.1</u></p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, who is not the chair of the board,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>3. the charter of the committee;</li> <li>4. the relevant qualifications and experience of the members of the committee; and</li> <li>5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and</p>	<p>Yes – 4.1(b)</p> <p>No – 4.1(a)</p>		<p>The Company does not have an Audit and Risk Committee. The Board believes no efficiencies or other benefits could be gained by establishing a separate Audit and Risk Committee. To assist the Board to fulfill its function as the Audit and Risk Committee, the Board has adopted an Audit and Risk Committee Charter.</p> <p>The Board has charged the Company Secretary with preparing the annual and half yearly reports. These reports are independently audited. The Company Secretary also prepares the Company's quarterly financial and operational reports.</p> <p>All Company reports are reviewed by the Board before they are finalised and are given the opportunity to question and consider the information contained in the reports.</p> <p>The Procedure for the Selection, Appointment and Rotation of External Auditors provides recommendations in relation to the initial appointment of the external auditor and the appointment of a new external auditor should a vacancy arise. Any appointment of a new external auditor made by the Board must be ratified by shareholders at the next annual general meeting of the Company.</p> <p>Proposed external auditors must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. In addition, the successful candidate for external auditor must have arrangements in place for the rotation of the lead audit engagement partner on a regular basis. Other than these mandatory criteria, the Board may select an external auditor based on other criteria relevant to the Company such as references, cost and any other matters deemed relevant by the Board.</p> <p>As the Company develop's in size, nature and scope, the Board will reconsider the appropriateness of forming a separate audit and risk committee.</p>

safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.			
<u>Recommendation 4.2</u> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	Kept at registered office	The Managing Director and in place of the Chief Financial Officer, the Company Secretary 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 in relation to financial reporting risks.
<u>Recommendation 4.3</u> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes		In accordance with the Corporations Act 2001, the external auditor is invited to attend every AGM for the purpose of answering questions from security holders relevant to the conduct of the audit and the preparation and content of the auditor's report.

Principle 5: Make timely and balanced disclosure			
<p><u>Recommendation 5.1</u> A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>Compliance Procedures for ASX Listing Rule Disclosure Requirements</p>	<p>The Company is a “disclosing entity” pursuant to section 111AR of the Corporations Act 2001 and, as such, is required to comply with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and section 674 of the Corporations Act.</p> <p>As such, the Company has Compliance Procedures for ASX Listing Rule Disclosure Requirements. The purpose of this Policy is to ensure the Company complies with continuous disclosure requirements arising from legislation and the Listing Rules of the ASX.</p> <p>The key objective of the Compliance Procedures is to assist the Company to comply with its continuous disclosure obligations by:</p> <p>(a) aiming to prevent, and where necessary, identifying and responding to, breaches of Listing Rule 3.1 and section 674 of the Corporations Act by the Company; and</p> <p>(b) promoting a culture of compliance with Listing Rule 3.1 and section 674 of the Corporations Act within the Company.</p> <p>The Compliance Procedures set out measures that the Company will apply to ensure that it complies with its duties under Listing Rule 3.1 and section 674.</p> <p>This Compliance Procedure:</p> <p>(a) identifies the specific obligations of the Company;</p> <p>(b) establishes measures designed to address compliance with these obligations; and</p> <p>(c) provides some guidance on the actions required to comply with these measures.</p> <p>The Company has obligations under the Corporations Act 2001 and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of the Company’s securities and to correct any material mistake or misinformation in the market. The Company discharges these obligations by releasing information to the ASX in the form of an ASX release or disclosure in other relevant documents (e.g. the Annual Report).</p> <p>The Company recognises that the maintenance of confidentiality is also of paramount importance to the Company both to protect its trade secrets and to prevent any false market for the Company’s shares from developing.</p>

			All relevant information provided to ASX in compliance with the continuous disclosure requirements of legislation and the Listing Rules is promptly posted on the Company's web site <a href="http://www.potashmin.com.au">www.potashmin.com.au</a>
<b>Principle 6: Respect the rights of security holders</b>			
<u>Recommendation 6.1</u> A listed entity should provide information about itself and its governance to investors via its website.	Yes		Information on the Company's Corporate Governance, including copies of its various corporate governance policies and charters, is available on the Company's website.
<u>Recommendation 6.2</u> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes		<p>The Company promotes effective communication with shareholders and encourages presentation of information to shareholders in a clear, concise and effective manner. The Board aims to ensure that Shareholders are informed of all major developments affecting the Company's state of affairs.</p> <p>The Board ensures that shareholders are kept informed of all major developments that affect their shareholding or the Company's state of affairs through quarterly, half-yearly, annual and ad hoc reports. All shareholders are encouraged to attend the annual general meeting to meet the Chairman and Directors and to receive the most updated report on the Company's activities.</p> <p>The Company maintains a website at <a href="http://www.potashmin.com.au">www.potashmin.com.au</a> to provide shareholders with information of the Company's activities. Shareholders may communicate with the Company through its email address <a href="mailto:info@potashmin.com.au">info@potashmin.com.au</a>. The Company is in the process of updating its website.</p>
<u>Recommendation 6.3</u> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes		<p>The Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation, which will be reviewed regularly to encourage the highest level of shareholder participation.</p> <p>The Company considers general meetings to be an effective means to communicate with shareholders and encourages shareholders to attend general meetings. In preparing for general meetings, the Company will draft the notice of meetings and related explanatory information so that they provide all of the information that is relevant to the shareholders in making decisions on matters to be voted on by them at the meeting. Information will be presented in a clear, concise and effective manner.</p>

<p><u>Recommendation 6.4</u> A listed entity should give security holders the option to receive communications from and send communications to, the entity and its security registry electronically.</p>	<p>Yes</p>		<p>The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.</p> <p>Shareholders can register with the Company's Registrar to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the annual, half yearly and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p>
<p><b>Principle 7: Recognise and manage risk</b></p>			
<p><u>Recommendation 7.1</u> The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose: 3. the charter of the committee; 4. the members of the committee; and 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk</p>	<p>Yes – 7.1(b)  No – 7.1(a)</p>		<p>The Company does not have a separate Risk Management Committee.</p> <p>The role of the Risk Management Committee is undertaken by the full Board. The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Board will delegate to the Managing Director responsibility for implementing the risk management system who will submit particular matters to the Board for its approval or review. The Managing Director/CEO is required to report to the Board on the management of risk.</p> <p>The Board monitors risk through various arrangements including:</p> <ul style="list-style-type: none"> <li>• regular Board meetings;</li> <li>• share price monitoring;</li> <li>• market monitoring; and</li> <li>• regular review of financial position and operations.</li> </ul> <p>The Board delegates to management the responsible for developing, maintaining and improving the Company's risk management and internal control system. Management provides the board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that management has developed a sound system of risk management and internal</p>

committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.			control.  The Board will regularly review assessments of the effectiveness of risk management and internal compliance and control.  The Company has developed a Risk Register in order to assist with the risk management of the Company.
<u>Recommendation 7.2</u> The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	No		As the Board has responsibility for the monitoring of risk managements it has not required a formal report regarding material risks and whether those risks are managed effectively. The Board believes that the Group is currently effectively communicating its significant and material risks to the Board to justify the implementation of a more formal system of identifying, assessing, monitoring and managing risk in the Company.  As the Company develop's in size, nature and scope, the Board will reconsider the need for a more formal system of identifying, assessing, monitoring and managing risk in the Company.
<u>Recommendation 7.3</u> A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes – 7.3(b)  No – 7.3(a)		The Company does not currently have an internal audit function. This function is undertaken by the full Board.  The Company has adopted procedures as follows: (a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks; (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

			<p>To this end, comprehensive practices are in place that are directed towards achieving the following objectives:</p> <ul style="list-style-type: none"> <li>(a) compliance with applicable laws and regulations;</li> <li>(b) preparation of reliable published financial information; and</li> <li>(c) implementation of risk transfer strategies where appropriate, eg insurance.</li> </ul> <p>Management is charged with evaluating and considering improvements to the Company's risk management and internal control processes on an ongoing basis.</p> <p>The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company's operations.</p> <p>As the Company develops in size, nature and scope, the Board will reconsider the appropriateness of creating an internal audit function.</p>
<p><b>Recommendation 7.4</b> A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes		<p>The Company's primary operation of mineral exploration and development is speculative in nature and has inherent risks. It is subject to various economic, environmental and social sustainability risks, which may materially impact the Company's ability to operate and to generate value for shareholders. These include:</p> <ul style="list-style-type: none"> <li>(a) Exploration – The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining consents and approvals necessary for the conduct of its exploration activities. The actual costs of exploration may materially differ from those estimated by the Company.</li> <li>(b) Title risks – All exploration leases held either by the Company or through its subsidiaries are subject to renewal. There is a risk that title may not be renewed.</li> <li>(c) Future Capital Requirements – Future funding will be required by the Company to develop various projects. There can be no assurance that such funding will be available on satisfactory terms or at all, be it via operational cashflows, debt or equity funding. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to</li> </ul>



			<p>obtain additional financing as needed, it may be required to reduce the scope of its operations, which may adversely affect the business and financial condition of the Company and its performance.</p> <p>(d) Commodity price fluctuations – The Company’s future revenue will depend upon demand and commodity prices for its products.</p> <p>(e) Exchange rate fluctuations – The expenditure of the Company is and will be taken into account in Australian and US currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between the US dollar and the Australian dollar as determined in international markets.</p> <p>(f) Environmental risks – The operations and activities of the Company are subject to environmental laws and regulations. As with most exploration projects and mining operations, the Company’s operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance an environmental laws.</p> <p>(g) Market Conditions – Share market conditions may affect the value of the Company’s quoted securities regardless of the Company’s operating performance. Share market conditions are affected by many factors such as: general economic outlook, introduction of tax reform or other new legislation, interest rates and inflation rates, changes in investor sentiment toward particular market sections, the demand for, and supply of, capital, and terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.</p> <p>The Company has adopted the risk management procedures to identify, mitigate and manage these risks and other risks identified going forward. These policies are updated from time to time as the Board considers appropriate in the circumstances for the management of the Company’s risk profile.</p>
<b>Principle 8: Remunerate fairly and responsibly</b>			
<u>Recommendation 8.1</u> The board of a listed entity should: (a) have a remuneration committee which: 1. has at least three	Yes – 8.1(b)  No – 8.1(a)		<p>The Company has not established a separate remuneration committee and does not have a formal remuneration policy in place.</p> <p>Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the</p>

<p>members, a majority of whom are independent directors; and</p> <p>2. is chaired by an independent director, and disclose:</p> <p>3. the charter of the committee;</p> <p>4. the members of the committee; and</p> <p>5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>			<p>Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.</p> <p>Remuneration of Directors and Key Management Personnel is determined with regard to the performance of the Company, the performance and skills and experience of the particular person and prevailing remuneration expectations in the market. The Board will devote times on an annual basis to discuss the level and composition of remuneration for the Directors and Key Management Personnel and will ensure such remuneration is appropriate and not excessive. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report in the Annual Report. The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.</p> <p>Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. This limit is currently set at \$500,000. There are no termination or retirement benefits for non-executive Directors (other than for superannuation). Non-executive Directors may be offered options as part of their remuneration, subject to shareholder approval.</p> <p>Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.</p>
<p><u>Recommendation 8.2</u></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes		<p>The Company's policies and procedures regarding the remuneration of Executive and Non-Executive Directors and other Key Management Personnel is contained with the Remuneration Report which is within the Company's Annual Report for each financial year.</p>

<p><u>Recommendation 8.3</u></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	No		<p>The Securities Trading Policy sets out the circumstances in which the Company's directors, executives, employees, contractors, consultants and advisors are prohibited from dealing in the Company's securities, including specific policy on whether they are able to enter into transactions (whether through the use of derivatives or otherwise) to limit the economic risk of their security holding. Written clearance must be obtained from the Board.</p> <p>Directors, officers and employees are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity based remuneration scheme.</p>
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