

Corporate Governance Statement

This Corporate Governance Statement sets out current compliance by Matrix Metals Limited (ACN 082 593 235) (**Company**) with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition) (**Principles and Recommendations**). The Principles and Recommendations are not mandatory. However, the Company is required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Principles and Recommendations.

The Board of the Company currently has in place a corporate governance policy which will be posted in a dedicated corporate governance information section of the Company's website.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Executive Director (being the Executive Director, Managing Director or Chief Executive Officer) and senior executives. The Board Charter also specifically outlines the role of the Company's directors.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board Charter as set out in the Company's Corporate Governance Plan sets out the process to be followed in evaluating the performance of senior executives. Each senior executive is required to participate in a formal review process which assesses individual performance against predetermined objectives.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	The Board Charter as set out in the Corporate Governance Plan will be publicly available on the Company's website. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Executive Director and senior executives. The Board Charter also specifically outlines the role of the Company's executive directors.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
2.	<i>Structure the board to add value</i>	
2.1	A majority of the board should be independent directors.	<p>The Board seeks to ensure that at any point in time:</p> <ul style="list-style-type: none"> • its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective; and • the size of the board is conducive to effective discussion and efficient decision making. <p>The Board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the board should consider whether the director:</p> <ul style="list-style-type: none"> • is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; • is or has been employed in an executive capacity by the Company or any other Company member within three years before commencing to serve on the board; • within the last three years has been a principal of a material professional adviser or a material consultant to the Company or any other Company member, or an employee materially associated with the service provided; • has a material contractual relationship with the Company or a controlled entity other than as a director of the Company; and • is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's independent exercise of their judgement. <p>Materiality for these purposes is determined on both quantitative and qualitative bases. A transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.</p> <p>The Board assesses independence each year. To enable this process, the directors must provide all information that may be relevant to the assessment.</p> <p>Currently, two of the three members of the current Board (Mr Tony Sage and Mr Jason Bontempo) are Non-Executive directors but are not considered to be independent directors due to their substantial shareholding, or associate's substantial shareholding in the Company.</p>
2.2	The chair should be an independent director.	The Company is not in compliance with this recommendation as a Chairman of the Board has not yet been appointed. An independent Chairman will be appointed in due course.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company is in compliance with this recommendation as a Chairman of the Board has not yet been appointed. Mr Joe Ariti, who has been appointed as the Company's Executive director, will not be appointed as the Chairman of the Board.
2.4	The board should establish a nomination committee.	The Company is not of a size at the moment that justifies having a separate Nomination Committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	In order to ensure the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually by the Board as a whole until such time as a Chairman is appointed. Directors whose performance is unsatisfactory are asked to retire.
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	<p>A description of the skills and experience of each of the current Directors is contained in the Company's Notice of Annual General Meeting released as an ASX announcement on 25 October 2011.</p> <p>The Board, Board Committees (to the extent constituted) or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Executive Director and Chairman (once appointed).</p> <p>The Board, as a whole, will serve as the Company's Nomination Committee. Matters typically dealt with by such a committee are dealt with by the Board of Directors. The Board will determine the procedure for the selection and appointment of new directors and the re-election of incumbents, having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company. The policy for the appointment of new directors is set out in the Company's Corporate Governance Plan.</p>

PRINCIPLES AND RECOMMENDATIONS	COMMENT
3. Promote ethical and responsible decision-making	
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>The Company has developed a statement of values which has been fully endorsed by the Board and applies to all directors and employees. The Statement is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.</p> <p>The Statement requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.</p> <p>The purchase and sale of Company securities by directors and employees is monitored by the Board.</p>
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	<p>The Company's Corporate Governance Plan includes a Diversity Policy.</p>
3.3 Companies should disclose in each annual report the measureable objectives for achieving set by the board in accordance with the diversity policy and progress in achieving them.	<p>The Company has not yet set the measurable objectives however these will be considered by the Board and disclosed in the 2012 Annual Report. In addition, the Board will review progress against any objectives identified on an annual basis.</p>
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board	<p>The Company's 2012 Annual Report will include the proportion of woman employees within the organisation as well as senior positions within the Company.</p>
3.5 Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	<p>The Board will include in the Annual Report each year:</p> <ul style="list-style-type: none"> • measurable objectives, if any, set by the Board; • progress against the objectives; and • the proportion of women employees in the whole organisation, at senior management level and at Board level.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
4.	<i>Safeguard integrity in financial reporting</i>	
4.1	The board should establish an audit committee.	<p>The Company does not have a separate Audit Committee. The full Board carries out the functions of an Audit Committee. The Board has the authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.</p> <p>Due to the size and status of the Company and the relatively straight forward accounts of the Company, at this stage the Directors can see no additional benefits to be obtained by establishing such a committee.</p> <p>The Board follows the Audit Committee Charter, a copy of which is set out in the Corporate Governance Plan which will be publicly available on the Company's website.</p>
4.2	<p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members. 	As set out in 4.1 above, the Company does not currently have a separate audit committee. If established, the Audit Committee will be comprised of a majority of independent directors.
4.3	The audit committee should have a formal charter.	The Board follows the Audit Committee Charter as set out in the Corporate Governance Plan which will be publicly available on the Company's website.
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	As above.

PRINCIPLES AND RECOMMENDATIONS	COMMENT
5. <i>Make timely and balanced disclosure</i>	
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.</p> <p>The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.</p> <p>All information disclosed to the ASX will be posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.</p> <p>Upon request, all shareholders receive a copy of the Company's annual reports. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. Recent initiatives include making all Company announcements, media briefings, details of Company meetings, and financial reports will be available on the Company's website.</p>
5.2 Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	As above.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
6.	<i>Respect the rights of shareholders</i>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	<p>The Company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.</p> <p>The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.</p> <p>All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.</p> <p>Upon request, all shareholders receive a copy of the Company's annual reports. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. Recent initiatives to facilitate this include making all Company announcements, media briefings, details of Company meetings, and financial reports available on the Company's website.</p>
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	As above.
7.	<i>Recognise and manage risk</i>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board and senior executives are responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
7.2	<p>The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p>	<p>Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. The Board actively promotes a culture of quality and integrity.</p> <p>The responsibility for the operation and administration of the economic entity is delegated by the Board to the Executive Director. The Board ensures that the Executive Director is appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for the Company's officers, employees, contractors and consultants. The Board receives monthly updates as to the effectiveness of the Company's management of material risks that may impede meeting business objectives.</p> <p>The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:</p> <ul style="list-style-type: none"> • Board approval of a strategic plan, designed to meet shareholder needs and manage business risk; • Implementation of operating plans and budgets by management and Board monitoring progress against budget; • Procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense. <p>Control procedures cover management accounting, financial reporting, project appraisal, IT security, compliance and other risk management issues. The Executive Director is required to ensure that appropriate controls are in place to effectively manage the identified risks. This is monitored by the Board on a monthly basis.</p>
7.3	<p>The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 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.</p>	<p>Reports on risk management are to be provided to the audit and risk committee by the Chief Executive Officer or the Executive Director(s) responsible for the management of the individual risk.</p> <p>The Board will seek the relevant assurance from the Chief Executive Officer and the Executive Directors (or their equivalents) at the relevant time.</p>

PRINCIPLES AND RECOMMENDATIONS		COMMENT
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	As above.
8.	<i>Remunerate fairly and responsibly</i>	
8.1	The board should establish a remuneration committee.	The Company is not currently of a size to justify the existence of a separate Remuneration Committee. However, matters typically dealt with by such a committee are dealt with by the Board.
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent director • has at least three members 	The Company is not currently of a size to justify the existence of a separate Remuneration Committee. However, matters typically dealt with by such a committee are dealt with by the Board.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<p>The Board makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and nonexecutive directors.</p> <p>Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.</p> <p>In accordance with Company policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.</p> <p>The Board with the Executive Director also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.</p>
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	As above.