



**WORLD TITANIUM  
RESOURCES**

**World Titanium Resources  
Limited**

ACN 120 723 426

**Corporate Governance Statement**

**January 2012**

## **CORPORATE GOVERNANCE STATEMENT**

*The Company generally follows the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (the "Recommendations") to the extent appropriate for the size and nature of its business.*

Set out below are statements disclosing the extent to which the Company follows the Recommendations and where Recommendations have not been followed reasons for not following them.

### **Principle 1: Lay solid foundations for management and oversight**

#### **Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions**

The Company has adopted a Board Charter, which sets out the Board and management's roles and responsibilities:

The role of the Board is to oversee the Company's activities for the benefit of its shareholders, employees and other stakeholders;

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, and goals for management of the Company.

Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include, but are not limited to:

- determining the direction, strategies and financial objectives of the Company and monitoring the implementation of such strategies and objectives;
- monitoring the operational and financial position and performance of the Company;
- appointing the CEO, CFO and Secretary for the Company, reviewing the performance of, and removing any such officer;
- ratifying the terms of appointment of senior management of the Company;
- monitoring senior management's performance and their implementation of strategies and budgets;
- ensuring that management of the Company has in place appropriate processes for risk assessment, management and internal controls, monitoring the performance of the management against defined and enunciated benchmarks, and monitoring the Company's performance in relation to the principles of corporate governance as identified by the Board;
- ensuring the Company complies with its responsibilities under the Corporations Act, the Company's Constitution, the ASX listing rules, and other relevant laws and ethical standards, including responsibilities relating to occupational health and safety, the environment and cultural heritage;
- overall corporate governance including legal compliance systems, as well as monitoring compliance with those systems;
- ensuring appropriate resources are available for the Company in the pursuit of its objectives;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting and disclosure;
- considering and approving the Company's budgets;
- approving significant changes to the organizational structure of the Company, including significant acquisitions, divestitures or changes to the capital of the Company; and
- ensuring directors inform themselves of the Company's business and financial status.

The Board (and, where relevant, any committees established by the Board) have delegated the day-to-day operation and management of the Company's business to the Executive Chairman and the

CEO. The executive responsibilities of the Executive Chairman include chief legal counsel, marketing and sales, and co-responsibility with the CEO for Company funding and investor relations. The executive responsibilities of the CEO include preparing the Company's annual strategic plan in conjunction with other management and upon approval by the Board, implementation of such plan, keeping the Board informed of all major project proposals and developments, ensuring that resource development is in accordance with the Company's approved business strategy and any specific directions of the Board, and with the Executive Chairman, funding and investor relations.

The CEO is authorized to delegate such of the powers conferred on him as he deems appropriate to members of the senior management group. The Board will approve and monitor all such delegations of authority from the CEO to senior management.

Performance of senior executives including executive directors is evaluated subjectively by the Board on a continuing basis.

Other Board members assist the Executive Chairman and CEO Director as necessary.

## **Principle 2: Structure the board to add value**

### **Recommendation 2.1: A majority of the board should be independent directors**

The Board has a majority of independent directors and comprises five independent directors, one non-independent director and two executive directors.

Mr Edward Wayne Malouf	Executive Chairman
Mr Bruce Griffin	Chief Executive Officer
Mr Norman Roderick (Rod) Barker	Non-Executive Director
Mr Tristan Davenport	Non-Executive Director
Mr Darren Morecombe	Non-Executive Director
Dr Ian Ransom	Non-Executive Director
Mr Mr Gooroodeo (Mahen) Sookun	Non-Executive Director
Dr Rick Valenta	Non-Executive Director (not independent: MD of the Company within the past 3 years)

### **Recommendation 2.2: The chair should be an independent director**

The Company's Chairman, Mr Malouf, is employed in an executive capacity by the Company and therefore is not independent. Mr Malouf is an experienced company director with expertise in the resources sector and is committed to providing the time necessary to effectively discharge his role as Chairman, taking into account his executive responsibilities for the Company and time commitments associated with his other roles. His executive responsibilities are limited (see above) and he is not the chief executive officer of the Company. The directors consider that Mr Malouf continues to be capable of discharging his role as Chairman but are cognisant of the Recommendation that the Chairman be an independent director and will continue to review Mr Malouf's performance in that capacity in the context of prevailing circumstances and needs of the Company.

Each director has the right to seek independent professional advice at the Company's expense. However, prior approval from the Chairman is required, which may not be unreasonably withheld.

The Company has established Remuneration and Nominations Committees.

Performance of the Board, Board committees and directors is evaluated by the Chairman on a continuing basis.

The Board ensures that, collectively, it has the appropriate range of skills and expertise to properly fulfil its responsibilities, including:

- accounting;
- finance;
- business;

- the Company's industry;
- CEO-level experience; and
- relevant technical expertise

The Board reviews the range of expertise of its members on a regular basis and ensures that it has operational and technical expertise relevant to the operation of the Company.

The Company has not established materiality thresholds as every payment, apart from those relating to themselves, are approved by the Chief Executive Officer. All payments in respect of the Chief Executive Officer are approved by the Chairman.

### **Principle 3: Promote ethical and responsible decision-making**

The Company has established a code of conduct. The company has not established a policy concerning diversity. The Company has not set objectives for achieving gender diversity as meaningful objectives are not possible given the Company's limited number of employees.

### **Principle 4: Safeguard integrity in financial reporting**

The Company has established an Audit Committee comprising 3 independent, non-executive directors and Chaired by an independent Chair who is not the Executive Chairman. The Audit Committee has a formal charter approved by the Board.

The responsibilities of the audit committee include:

- ensure the integrity of external financial reporting;
- ensure that the directors are provided with financial and non-financial information that is of high quality and relevant to the judgments to be made by them;
- ensure that controls are established and maintained to safeguard the Company's financial and physical resources;
- ensure that systems and procedures are in place so that the Company complies with relevant statutory, regulatory and reporting requirements and achieves best practice including implementation of these principles and recommendations; and
- assess financial risks arising from the Company's operations and consider the adequacy of measures taken to moderate those risks.

### **Principle 5: Make timely and balanced disclosure**

The Company, its Directors and staff are aware of continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure. The Company does not have formal written policies regarding disclosure, but uses strong informal systems carried out by experienced individuals.

### **Principle 6: Respect the rights of shareholders**

It is the Company's policy to maintain regular and timely communication with shareholders and the public via the Company's website, timely announcements and other appropriate methods. Communications strategy and effectiveness is a standing item regularly discussed both at Board meetings and within senior management.

### **Principle 7: Recognise and manage risk**

Risk management arrangements are the responsibility of the Board of Directors and senior management collectively. Management and the Board work to identify risk and manage it, and regularly review the effectiveness of the Company's systems and treatment of its material business risks.

The CEO and the personnel responsible for producing the financial results are required to declare in writing to the Board 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 the system is operating effectively in all material respects in relation to financial reporting risks.

**Principle 8: Remunerate fairly and responsibly**

The Company has established a Remuneration committee.

Executive remuneration is determined on an individual basis. Directors believe that the size of the Company makes individual salary negotiation more appropriate than formal remuneration policies.

The Company discloses the fees paid to all Directors and executive officers of the Company in each annual report.

The principles for the structure of non-executive directors remuneration is distinguished from that of executives.