

SOUTH AMERICAN FERRO METALS LIMITED
ACN: 128 806 977

Statement of compliance with best practice recommendations set by the ASX Corporate Governance Council

Principle No.	Best Practice Recommendation	Compliance	Reasons for Non-compliance
1.	Lay solid foundations for management and oversight		
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 Policy includes a Board Charter, which discloses the specific responsibilities of the board.	Not Applicable
1.2	Companies should disclose the process for evaluating the performance of senior executives.	<p>The board will monitor the performance of senior management, including measuring actual performance of senior management against planned performance.</p> <p>The board has adopted a policy to assist in evaluating Board performance under section 9 of its Corporate Governance Policies (Performance Evaluation Practices)</p>	Not Applicable.
1.3	Companies should provide the information indicated in the Guide to reporting on principle 1.	The Company will explain any departures (if any) from its best practice recommendations 1.1 and 1.2 in its future annual reports.	Not Applicable.
2	Structure of the Board to add value		
2.1	A majority of the Board should be independent Directors	Currently, South American Ferro Metals Limited has two independent Directors from a total board of five Directors.	Given the company's present size and scope, it is currently not company policy to have a majority of independent Directors. Persons have been selected as Directors to bring specific skills and industry experience relevant to the company.
2.2	The Chairman should be an independent Director	The current Chairman, Mr. Terence Willstead is an independent Director.	Not applicable.
2.3	The roles of Chairman and Chief Executive Officer/ General Manager should not be exercised by the same individual.	The Company's Chairman is Terrence Willstead, and Managing Director is Stephen Fabian.	Not Applicable
2.4	The Board should establish a nomination committee.	The Board has not established a nomination committee.	Given the present size of the company, the Board has decided that a nomination committee is not appropriate. The functions of the nomination committee are carried out by the full Board.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	The chairman will review the composition of the Board & the performance of each Director to ensure that it continues to have a mix of skills and	Not Applicable.

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		experience necessary for the conduct of the company's activities. Any new directors will receive an induction appropriate for his/her experience.	
2.6	Companies should provide the information indicated in the guide to reporting on principle 2	The information has been disclosed in the Prospectus with the exception that there is no commentary on why the Board has chosen not to have a nomination committee.	Given the present size of the Company the Board has decided that a separate nomination and remuneration committee is not appropriate. The function of the nomination committee will be carried out by the full board.
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"> (a) the practices necessary to maintain confidence in the company's integrity, (b) The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	The Board has adopted a written code of conduct which is included in the Corporate Governance Policies and will be posted on the company's website. This will provide a framework for decisions and actions in relation to ethical conduct in employment.	Not Applicable.
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 measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them	The Company's Corporate Governance Policy includes a section on Securities Trading policy, which provides guidelines for transacting in the Company's securities. The Company does not currently have a policy for gender diversity; however the Company is in the process of developing a policy.	Not Applicable.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Company will make disclosure in the annual report.	Not Applicable.
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.	The Company will make disclosure in the annual report.	Not Applicable.
3.5	Provide the information indicated in Guide to reporting on Principle 3.	A summary of the company's code of conduct and diversity policy will be disclosed on the company website. The company will explain any departure	Not Applicable.

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		(if any) from best practice recommendations in its future annual reports.	
4	Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	The Board has not established an audit committee.	Given the present size and complexity of the company, the Board has decided that a separate audit committee was not required. The functions of this committee will be carried out by the full Board.
4.2	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members.	The Board has not established an audit committee.	Given the present size and complexity of the company, the Board has decided that a separate audit committee was not required. The functions of this committee will be carried out by the full Board.
4.3	The audit committee should have a formal charter.	The Board has not established an audit committee.	Given the present size and complexity of the company, the Board has decided that a separate audit committee was not required. The functions of this committee will be carried out by the full Board.
4.4	Provide the information indicated in Guide to reporting on Principle 4.	An audit committee has not been formed. Bentley's Chartered Accountants has been appointed as the external auditor which was disclosed in the Prospectus.	Not Applicable.
5	Make timely and balance disclosure		
5.1	Companies should establish written policies to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies..	The Company has adopted a Continuous Disclosure Policy applicable to all Directors of the company and senior management.	Not Applicable.
5.2	Provide the information indicated in Guide to reporting on Principle 5.	The company's Continuous Disclosure Policy sets out the procedure for the identification and reporting of material price sensitive information, protection of confidential information and ensuring South American Ferro Metals Limited achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules.	Not Applicable.
6	Respect the rights of shareholders		
6.1	Companies should design a	The Company places a high priority on	Not Applicable

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	communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose a summary of that policy.	<p>communication with Shareholders and is aware of the obligations it will have, once listed, under the Corporations Act and the Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.</p> <p>Information is communicated to shareholders as follows:</p> <ul style="list-style-type: none"> • notices of all meetings of shareholders; • all documents that are released publicly will be able to be accessed on the company's website at www.rivieraresources.com.au 	
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company will provide an explanation of any departures (if any) from best practice recommendation 6.1 in its future annual reports.	Not applicable.
7	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board monitors and if necessary receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.	Not Applicable.
7.2	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.	The Board will require that the Managing Director will design and implement risk management and internal control systems and provide a report at the relevant time.	Not Applicable.
7.3	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 Corporation 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 risks.	The Board will seek this relevant assurance from the individuals appointed to perform the role of Chief Executive Officer and Chief Financial Officer.	Not Applicable.
7.4	Companies should provide the information indicated in Guide to reporting on Principle 7.	The Company will provide explanation of any departures (if any) from best practice recommendations in its future annual report.	Not Applicable.
8	Remunerate fairly and responsibly		

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8.1	The Board should establish a remuneration committee.	The Board has not established a remuneration committee.	Given the present size of the company, the Board has decided that a remuneration committee is not required. The functions of this committee will be carried out by the full Board.
8.2	Structure the remuneration committee so that it consists of: (a) a majority of independent directors; (b) an independent chairperson; and (c) at least three members.	The Board has not established a remuneration committee.	Given the present size of the company, the Board has decided that a remuneration committee is not required. The functions of this committee will be carried out by the full Board.
8.3	Companies should clearly distinguish the structure of non-executive Directors remuneration from that of executives directors and senior executives.	This information has been disclosed in the Prospectus.	Not Applicable.
8.4	Companies should provide the information indicated in Guide to reporting on Principle 8.	This information is provided in this statement (Refer to 8.1 and 8.2).	Not Applicable.