

CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Principle 1 – Lay solid foundations for management and oversight

<ul style="list-style-type: none"> Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. 	A	Matters reserved for the Board are included in its Corporate Governance Statement on the Company's website.
<ul style="list-style-type: none"> Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives. 	A	Performance evaluation of senior executives is the responsibility of the Human Resources and Compensation Committee. Details of the Human Resources and Compensation Committee are contained in the Corporate Governance Statement on the Company's website.
<ul style="list-style-type: none"> Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1. 	A	

Principle 2 – Structure the Board to add value

<ul style="list-style-type: none"> Recommendation 2.1: A majority of the Board should be independent directors. 	A	The Board comprises eight directors, seven of whom are non executive and five of whom are independent.
<ul style="list-style-type: none"> Recommendation 2.2: The chair should be an independent director. 	N	The board is aware that this is not in accordance with the ASX recommended Governance Principles and is reviewing its position on this matter.
<ul style="list-style-type: none"> Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual. 	A	
<ul style="list-style-type: none"> Recommendation 2.4: The Board should establish a nomination committee. 	A	The Company has formulated a Corporate Governance and Nomination Committee Charter, whose Charter can be viewed on the Company's website.
<ul style="list-style-type: none"> Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. 	A	Performance evaluation of the Board, is the responsibility of the Corporate Governance and Nominating Committee.

<ul style="list-style-type: none"> Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2. 	A	The skills and experience of directors are set out in the Company's Annual Report and on the Company's website.
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Principle 3 – Promote ethical and responsible decision-making

<ul style="list-style-type: none"> Recommendation 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. 	A	The Company has formulated a Code of Conduct which can be viewed on the Company's website.
<ul style="list-style-type: none"> Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include measurable objectives for achieving gender diversity. 	A	The Company has adopted a Diversity Policy which can be viewed on the Company's website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. Given the Company's size and stage of development, the Board does not think that it is yet appropriate to state measurable objectives for achieving gender diversity. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
<ul style="list-style-type: none"> Recommendation 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. 	N	The Company has adopted a Diversity Policy which can be viewed on the Company's website. However, the policy does not include requirements for the Board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development the Board does not think it is yet appropriate to include measurable objectives in relation to gender.
<ul style="list-style-type: none"> Recommendation 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. 	A	There is one woman, out of eight, on the Board. There is one woman, out of eight, in senior executive positions. From a total of 1,585 permanent employees (excluding directors), the percentage of women employees is 16%.
<ul style="list-style-type: none"> Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3. 	A	

Principle 4 – Safeguard integrity in financial reporting

<ul style="list-style-type: none"> • Recommendation 4.1: The Board should establish an audit committee. 	A	
<ul style="list-style-type: none"> • Recommendation 4.2: The audit committee should be structured so that it: <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. 	A A A A	
<ul style="list-style-type: none"> • Recommendation 4.3: The audit committee should have a formal charter. 	A	The Company has formulated an Audit and Risk Committee Charter, which can be viewed on the Company's website.
<ul style="list-style-type: none"> • Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4. 	A	

Principle 5 – Make timely and balanced disclosure

<ul style="list-style-type: none"> • Recommendation 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. 	A	The Company has formulated a continuous disclosure policy, which can be viewed on the Company's website.
<ul style="list-style-type: none"> • Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5. 	A	The Board receives monthly updates on the status of the Company's activities and any new or proposed activities. Disclosure is reviewed as a routine agenda item at each Board Meeting.

Principle 6 – Respect the rights of shareholders

<ul style="list-style-type: none"> • Recommendation 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. 	A	In line with adherence to continuous disclosure requirements of ASX, all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including Annual Reports, Half Yearly Reports, Quarterly Reports, the Company website and the distribution of specific releases covering major transactions and events or other price sensitive information.
<ul style="list-style-type: none"> • Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6. 	A	The Company has formulated a Shareholder Communication Policy as part of the Corporate Governance Statement which can be viewed on the Company's website.

Principle 7 – Recognise and manage risk

<ul style="list-style-type: none"> Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. 	A	<p>The Company has expanded the mandate of the Audit Committee to now include risk matters. The Audit and Risk Committee reviews significant business risks and ensures that arrangements are in place for adequately managing these risks. A risk management culture is encouraged amongst employees and contractors.</p> <p>Determined areas of risk which are regularly considered include:</p> <ul style="list-style-type: none"> performance and funding of exploration activities budget control and asset protection status of mineral tenements land access and native title considerations compliance with Government laws and regulations safety and the environment continuous disclosure obligations sovereign risk share market conditions
<ul style="list-style-type: none"> Recommendation 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. 	N	<p>While the Company does not have formalised policies on risk management, it recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors.</p>
<ul style="list-style-type: none"> Recommendation 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 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. 	A	
<ul style="list-style-type: none"> Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7. 	N	

Principle 8 – Remunerate fairly and responsibly

<ul style="list-style-type: none"> • Recommendation 8.1: The Board should establish a remuneration committee. 	A	The Company has established a Human Resources and Compensation Committee that performs the functions of a Remuneration Committee, which has a formal charter that can be viewed on the Company's website.
<ul style="list-style-type: none"> • Recommendation 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 3 members. 	A	The Company has established a Human Resources and Compensation Committee that performs the function of a Remuneration Committee.
<ul style="list-style-type: none"> • Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. 	A	Refer to the Remuneration Report in the Company's Annual Report.
<ul style="list-style-type: none"> • Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8. 	A	

A = Adopted

N = Not adopted

Approved by the Board on 2 January 2013.