

# Corporate Governance Statement

Corporate Governance practices that form the basis of a comprehensive system of control and accountability for the administration of the Company have been adopted. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Although the Company's practices are largely consistent with the Council's principles, in certain cases they are not compliant. The following table sets out the Company's current position.

Compliant	<input checked="" type="checkbox"/>	Non Compliant	<input type="checkbox"/>
-----------	-------------------------------------	---------------	--------------------------

<b>Principle 1: Lay solid foundations for management and oversight</b> Companies should establish and disclose the respective roles and responsibilities of board and management.	<input checked="" type="checkbox"/>
<b>Recommendation 1.1:</b> Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<input checked="" type="checkbox"/>
<b>Recommendation 1.2:</b> Companies should disclose the process for evaluating the performance of senior executives.	<input checked="" type="checkbox"/>
<b>Recommendation 1.3:</b> Companies should provide the information indicated in the Guide to reporting on Principle 1.	<input checked="" type="checkbox"/>

The Board of Directors of Superior Resources Limited ("the Company") is responsible for the corporate governance of the Company.

The Board:

- Guides and monitors the business and affairs of the Company on behalf of the Company's members to whom they are accountable.
- Provides corporate strategy and guidance.
- Reviews appropriate plans and annual budgets, including allocation of resources and capital expenditure.
- Monitors financial performance.
- Protects and enhances the Company's reputation.
- Ensures compliance with regulatory and other requirements, and manages risks to the Company and its business.
- Appoints the Managing Director and appraises his performance.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy is currently delegated to the managing director. The delegation policy is reviewed at least annually.

The Board has established the following guidelines to ensure the effective operation and discharge of its responsibilities.

## CORPORATE GOVERNANCE STATEMENT (continued)

The Board has adopted and discloses a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. This includes trade practices and fair dealing laws, consumer protection, respect for privacy, employment law, occupational health and safety, equal employment opportunity, superannuation and environment controls.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

<b>Principle 2: Structure the Board to add value</b> Companies should have a board of effective composition, size and commitment to adequately discharge its responsibilities and duties.	<input checked="" type="checkbox"/>
<b>Recommendation 2.1:</b> A majority of the board should be independent directors.	<input checked="" type="checkbox"/>
<b>Recommendation 2.2:</b> The chair should be an independent director.	<input checked="" type="checkbox"/>
<b>Recommendation 2.3:</b> The roles of the chair and chief executive officer should not be exercised by the same individual.	<input checked="" type="checkbox"/>
<b>Recommendation 2.4:</b> The board should establish a nomination committee.	<input checked="" type="checkbox"/>
<b>Recommendation 2.5:</b> Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<input checked="" type="checkbox"/>
<b>Recommendation 2.6:</b> Companies should provide the information indicated in the Guide to reporting on Principle 2.	<input checked="" type="checkbox"/>

### Board Structure

The Board currently comprises one executive directors and two non-executive directors. The Board, which meets at least quarterly, comprises directors with an appropriate blend of qualifications and expertise in:

- Accounting and finance;
- Marketing and sales;
- Mineral exploration experience; and
- CEO level experience.

The Chairperson, (Mr Lawrence James Litzow), is a non-executive director.

The Board strives to ensure that all transactions between the Company and any related party are always conducted on arms length terms.

Where possible, the Board undertakes an annual review of the performance of the Board and the individual directors and examines the appropriate mix of skills to ensure maximum effectiveness and contribution to the results of the Company's business. Newly appointed directors are required to attend the appropriate induction.

**CORPORATE GOVERNANCE STATEMENT (continued)**

**Directors**

The Company provides details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from the best practice recommendations.

In accordance with the Corporations Act and the Company's Constitution, the directors must advise the Board on an on-going basis of any interests that might conflict with those of the Company. Where the Board believes that a conflict exists, the director concerned is not permitted to be present at the meeting when the relevant issue is considered and does not receive the relevant Board papers.

The code of conduct adopted by the Board promotes ethical and responsible decision-making and guides directors, key executives and designated officers as to:

- The practices necessary to maintain confidence in the Company's integrity; and
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

**Nomination Committee**

The Board as a whole comprises the Nomination Committee. Responsibilities include Board succession as well as evaluation of directors' performance and competencies.

The Nomination Committee:

- Conducts an annual review of the membership of the Board having regard to the present and future perceived needs of the Company and makes recommendations as considered appropriate to be considered at a Board meeting.
- Annually examines the independence status of each director.
- Oversees the annual review and assessment program.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

<p><b>Principle 3: Promote ethical and responsible decision-making</b> Companies should actively promote ethical and responsible decision-making.</p>	<input checked="" type="checkbox"/>
<p><b>Recommendation 3.1:</b> Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>• the practices necessary to maintain confidence in the company's integrity.</li> <li>• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<input checked="" type="checkbox"/>
<p><b>Recommendation 3.2:</b> Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.</p>	<input checked="" type="checkbox"/>
<p><b>Recommendation 3.3:</b> Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	<input checked="" type="checkbox"/>

## CORPORATE GOVERNANCE STATEMENT (continued)

### Code of Conduct

Taking into account the specific operations of the Company at this time, the Board has approved a Securities Trading Policy regarding the trading of its securities by directors, senior executives and employees which is summarised below. Company policy prohibits directors, senior executives and employees from dealing in Company shares at any time during the year whilst in possession of price sensitive information.

- The Corporations Act specifically prohibits a person from purchasing or selling shares where such person (called “an insider”) possesses information that is not generally available but, if the information were generally available, would have a material effect on the price of shares in the Company.
- The law also prohibits a person from procuring others to trade when the designated officer is precluded from trading.
- This prohibition extends to external advisers and designated officers who should be aware of the need to enforce confidentially against such external advisers, where appropriate.
- Designated officers must provide notification to the Chairperson or Company Secretary of intended trading activity in Company’s shares.
- Written confirmation, or a copy of the contract note, evidencing the share trading transaction must be provided to the Company Secretary within 4 business days of the transaction.
- A trading “black-out” will occur during the following times:
  - 14 days prior to the release of the quarterly, half-yearly and annual financial statements;
  - 14 days prior to any dividend announcement; and
  - 14 days prior to any known intended announcement which a reasonable person would expect to have a material effect on the price or value of the Company’s shares.
- The Chairperson may exercise discretion to permit trading by designated officers in specific circumstances. Such circumstances include financial hardship or circumstances of a personal nature.
- This Trading Policy applies to financial products issued or created over the Company’s shares by third parties.
- This Trading Policy does not prohibit designated officers from entering into a transaction in associated products which operate to limit the economic risk of their shareholdings in the Company.
- The Board recognises the benefits of equity participation by directors, senior executives and employees and encourages directors, senior executives and employees to acquire equity in the Company in the appropriate circumstances.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

<b>Principle 4: Safeguard integrity in financial reporting</b> Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.	☑
<b>Recommendation 4.1:</b> The board should establish an audit committee.	☑
<b>Recommendation 4.2:</b> The audit committee should be structured so that it consists of: <ul style="list-style-type: none"> <li>• only non-executive directors</li> <li>• a majority of independent directors</li> <li>• an independent chair, who is not chair of the board</li> <li>• at least three members.</li> </ul>	☒
<b>Recommendation 4.3:</b> The audit committee should have a formal charter.	☑
<b>Recommendation 4.4:</b> Companies should provide the information indicated in the Guide to reporting on Principle 4.	☑

## CORPORATE GOVERNANCE STATEMENT (continued)

### Integrity in Financial Reporting

The Managing Director and the CFO (or equivalent) are required to make the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with the relevant accounting standards.
- That the above statement is based on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

### Audit Committee

The Board has established an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, maintenance of proper accounting records, the reliability of financial information and non-financial considerations such as the benchmarking of operational key performance indicators. The Audit Committee provides a forum for effective communication between the Board and the external auditor. The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial report.

Taking into account the specific operations of the Company, the Audit Committee meets at least twice a year with the auditors. Because of the size of the Board, the current Audit Committee comprises only two members (two non-executive directors) and the chairman of the committee is not the Chairman of the Board.

The Audit Committee operates under the following charter approved by the Board:

- The board as a whole is responsible for the accuracy and relevance of the financial statements. However, the Audit Committee provides an additional and more specialised oversight of the financial reporting process.
- The Audit Committee shall, if possible, comprise a majority of non-executive directors and an independent chairman who is not the Chairman of the Board. The Audit Committee shall consist of at least two members.
- The finance director and other executive directors may be present during Audit Committee deliberations but will not be members of the committee.
- The Audit Committee will meet at least two times a year and will meet with the external auditors at least once a year.
- The Audit Committee reports to the Board and copies of Audit Committee minutes should be tabled at the first Board meeting at which it is practicable to do so.

The Company has one executive and two non-executive directors. The two non-executive directors are members of the Audit Committee.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

<b>Principle 5: Make timely and balanced disclosure</b> Companies should promote timely and balanced disclosure of all material matters concerning the company.	☑
<b>Recommendation 5.1:</b> 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.	☑
<b>Recommendation 5.2:</b> Companies should provide the information indicated in the Guide to reporting on Principle 5.	☑

## CORPORATE GOVERNANCE STATEMENT (continued)

### Continuous Disclosure

The Company has a continuous disclosure program in place designed to ensure the factual presentation of the Company's financial position.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

<b>Principle 6: Respect the rights of shareholders</b> Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.	<input checked="" type="checkbox"/>
<b>Recommendation 6.1:</b> 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.	<input checked="" type="checkbox"/>
<b>Recommendation 6.2:</b> Companies should provide the information indicated in the Guide to reporting on Principle 6.	<input checked="" type="checkbox"/>

### Shareholders Information

The Board aims to ensure that shareholders and other stakeholders have equal and timely access to material information concerning the Company. Information is communicated through:

- The annual report which is distributed to the Australian Securities Exchange and to all shareholders who have elected to receive such report.
- Notices of the Annual General Meeting and other meetings of members called as required to obtain approval for Board action.
- Timely announcements through the Australian Securities Exchange company announcements platform, including Quarterly Activity Reports as required for mineral exploration companies.
- The half-year report containing summarised financial information and a review of operations for that period.

The Board encourages full participation of shareholders at the Annual General Meeting and at other general meetings as may be called.

The Company requests the external auditor to attend all annual general meetings of the Company to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors report.

### Recognising the Rights of Shareholders

Directors bear individual responsibilities for the performance of their duties before the law, and collective responsibility for the behaviour of the Board.

The code of conduct, as pronounced by the Australian Institute of Company Directors in September 2005, encompasses the legislative and common law requirement of directors, as well as specific behaviour that the Company expects of directors. The Company has adopted this code of conduct, which provides that:

1. A director must act honestly, in good faith and in the best interests of the Company as a whole.
2. A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
4. A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.

**CORPORATE GOVERNANCE STATEMENT (continued)**

**Recognising the Rights of Shareholders (continued)**

5. A director must not make improper use of information acquired as a director.
6. A director must not take improper advantage of the position of director.
7. A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
8. A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

<b>Principle 7: Recognise and Manage risk</b> Companies should establish a sound system of risk oversight and management and internal control.	<input checked="" type="checkbox"/>
<b>Recommendation 7.1:</b> Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<input checked="" type="checkbox"/>
<b>Recommendation 7.2:</b> 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.	<input checked="" type="checkbox"/>
<b>Recommendation 7.3:</b> 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.	<input checked="" type="checkbox"/>
<b>Recommendation 7.4:</b> Companies should provide the information indicated in the Guide to reporting on Principle 7.	<input checked="" type="checkbox"/>

**Risk Management**

The Board has established a Risk Management Committee. The prime purpose of the Risk Management Committee is to identify those areas of risk which are most likely to cause major disruption and damage to the business of the Company and to implement, with Board approval, plans and procedures which will mitigate any damage.

The Risk Management Committee will meet as often as considered necessary but not less than twice per year.

**Certifications to the Board**

The Managing Director and the CFO (or equivalent) is required to make the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with the relevant accounting standards.
- That the above statement is based on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

## CORPORATE GOVERNANCE STATEMENT (continued)

<b>Principle 8: Remunerate fairly and responsibly</b> Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.	<input checked="" type="checkbox"/>
<b>Recommendation 8.1:</b> The board should establish a remuneration committee.	<input checked="" type="checkbox"/>
<b>Recommendation 8.2:</b> Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<input checked="" type="checkbox"/>
<b>Recommendation 8.3:</b> Companies should provide the information indicated in the Guide to reporting on Principle 8.	<input checked="" type="checkbox"/>

### Enhanced Performance

The Board encourages enhanced performance and has adopted a program that enables directors to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities; and
- the role of the Board's committees.

The Board undertakes an annual review of the performance of the Board and the individual directors and examines the appropriate mix of skills to ensure maximum effectiveness and contribution to the results of the Company's business.

### Remuneration Policy

The Company has a formal remuneration policy.

The Company will disclose the quantum of remuneration paid to directors and senior executives in its annual reports. Any links between the remuneration paid to directors and key executives and corporate performance will be fully disclosed.

The Board is responsible for determining and reviewing remuneration arrangements for the directors and the executive team. The Board has established a Remuneration Committee consisting of two non-executive directors.

The Company's constitution provides that the total remuneration of all non-executive directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount of \$250,000 per annum.

The Company will seek shareholder approval for the future grant of equity based remuneration to directors. The Company currently has in place an Employee and Officers Option Plan (2006), and the directors may allocate options to key employees. Any such grant will be disclosed in future annual reports of the Company.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.