

## Approach to Corporate Governance

Venturex Resources Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2<sup>nd</sup> edition ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Further information about the Company's corporate governance practices may be found on the Company's website at [www.venturexresources.com](http://www.venturexresources.com), under the section marked "Corporate Governance".

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2010/2011 financial year ("Reporting Period"). The Principles & Recommendations were amended in 2010. These amendments apply to the Company's first financial year commencing on or after 1 January 2011. However, as encouraged by the ASX Corporate Governance Council, the Company has made an early transition to the amended Principles & Recommendations. Accordingly, the report below is made against the Principles and Recommendations as amended in 2010.

### Board

#### Roles and Responsibilities of the Board and Senior Executives (Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to Senior Executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior Executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior Executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chairman or the lead independent Director, as appropriate.

The Company's Board Charter is available on the Company's website at [www.venturexresources.com](http://www.venturexresources.com).

#### Skills, Experience, Expertise and Period of Office of Each Director (Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

As the Company moves to development and sustainable operations, the ideal Board structure will include Directors with skills and substantial experience in exploration and geology, operational management, corporate law, finance, equity markets, environment, occupational health and safety, and the community.

#### Director Independence (Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of Directors who are independent. It is the Company's long term aim to comply with Recommendation 2.1, however given the size of the Company and the nature of its activities, it is considered that the existing composition of Directors have a broad range of technical, commercial and financial skills, combined with appropriate experience at senior corporate levels, to enable that interests of all Shareholders are appropriately served.

The independent Directors of the Company are Mr Anthony Kiernan, Dr Allan Trench and Mr John Nitschke. These Directors are independent as they are Non-Executive Directors who are not members of Management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the

Company's materiality thresholds. The materiality thresholds are set out below.

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- ◀ Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- ◀ Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- ◀ Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- ◀ Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The non-independent Directors of the Company are Dr Timothy Sugden, Mr Michael Mulrone and Mr Anthony Reilly.

The independent Chairman of the Board is Mr Anthony Kiernan. The Managing Director is Dr Timothy Sugden, who is not Chairman of the Board.

#### Independent Professional Advice (Recommendation: 2.6)

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

#### Selection and (Re)Appointment of Directors (Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent Directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by Shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each Director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that Director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one Director or a third of the total number of Directors must resign. A Director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of Directors is not automatic.

The Company's Policy and Procedure for the Selection and (Re)Appointment of Directors is available on the Company's website at [www.venturexresources.com](http://www.venturexresources.com).

## Board Committees

### Nomination and Remuneration Committee (Recommendations: 2.4, 2.6, 8.1, 8.2, 8.3, 8.4)

The Board has established a Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is structured in accordance with Recommendation 8.2. The Nomination and Remuneration Committee comprises Dr Trench (Chair) and Mr Anthony Kiernan who are both independent Non-Executive Directors and Mr Mulroney, who is also a Non-Executive Director, but is not independent.

The Nomination and Remuneration Committee held two meetings during the Reporting Period. The following table identifies those Directors who are members of the Nomination and Remuneration Committee and shows their attendance at Committee meetings:

Name	No. of Meetings Attended
Dr Allan Trench (Chair)	2
Mr Anthony Kiernan	2
Mr Michael Mulroney	2

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. Non-Executive Directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for Non-Executive Directors is not linked to individual performance. Non-Executive Directors may choose to receive shares in the Company as part of their remuneration instead of receiving cash. However, Non-Executive Directors may not participate in equity schemes of the Company, such as option schemes, without Shareholder approval. Pay and rewards for Executive Directors and Senior Executives may consist of the following elements: fixed salary; short term incentive bonus based on performance; long term incentive share/option scheme; and other benefits including superannuation. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for Non-Executive Directors (other than for superannuation).

The Company's Policy for Trading in Company Securities includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Nomination and Remuneration Committee Charter is available on the Company's website at [www.venturexresources.com](http://www.venturexresources.com).

### Audit Committee (Recommendations: 4.1, 4.2, 4.3, 4.4)

The Company has established an Audit Committee.

The Audit Committee is not structured in compliance with Recommendation 4.2 due to the current size of the Board, however the Board does not believe that this detracts from the effectiveness of the Audit Committee as its composition brings together significantly experienced and committed members to the process.

The Audit Committee comprises Mr Mulroney who is a non-independent Non-Executive Director as Chair, Dr Allan Trench

who is an independent Non-Executive Director and Dr Timothy Sugden, the Company's Managing Director.

The Company has adopted an Audit Committee Charter.

The Audit Committee held three meetings during the Reporting Period. The following table identifies those Directors who are members of the Audit Committee and shows their attendance at Committee meetings:

Name	No. of Meetings Attended
Mr Michael Mulroney (Chair)	2
Dr Allan Trench	3
Dr Timothy Sugden	3

Details of each of the Director's qualifications are set out in the Directors' Report.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and the Company's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Company's website at [www.venturexresources.com](http://www.venturexresources.com).

## Performance Evaluation

### Senior Executives (Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of Senior Executives. Each year, each Senior Executive establishes a set of performance targets with the Managing Director. An informal assessment of progress is carried out at half-year. A full evaluation of the Executive's performance against the agreed targets then takes place at the end of the year. The full year evaluations will generally occur in conjunction with goal setting for the coming year. As the Company is committed to continuous improvement and the development of its people, the results of the evaluation forms the basis of the Executive's Development Plan. Performance pay components of Executives' packages are dependent on the outcome of the evaluation and/or formulas relating to Company performance targets.

During the Reporting Period, informal assessments were carried out with the Senior Executives. Formal evaluations occurred shortly after the reporting period end. The Company is in the process of modifying the performance appraisal procedure which will be implemented for the 2011/12 year.

### Board, its Committees and Individual Directors (Recommendations: 2.5, 2.6)

The Chairman is responsible for evaluation of the Board, Board committees and individual Directors. The Nomination and Remuneration Committee is responsible for evaluating the Managing Director.

The Chairman evaluates the Board annually by way of round-table discussion and performance review questionnaires. The evaluation is based on a number of goals for the Board that are established at the start of the financial year. The goals are based on corporate requirements and any areas for improvement that have been identified in previous reviews. The Chairman evaluates individual Directors annually by way of one-on-one interviews. The evaluation of individual Directors is also based on a number of goals that are established at the start of the financial year. The goals are based on corporate requirements and any areas for improvement that have been identified in previous reviews.

At the end of each financial year, the Chairman evaluates the performance of any Board Committees against set expectations. The evaluations are undertaken by way of round-table discussion. Based upon the evaluation, individuals and groups are provided with feedback on their performance. The results of the review are a key input into the expectations set by the Board.

Each year, the Managing Director establishes a set of performance targets with the Nomination and Remuneration Committee. These targets are aligned to overall business goals and the Company's requirements of the position, and are also signed off by the whole Board. An informal assessment of progress is carried out at half-year. A full evaluation of the Managing Director's performance against the agreed targets then takes place at the end of the year. The full year evaluations will generally occur in conjunction with goal setting for the coming year. As the Company is committed to continuous improvement and the development of its people, the results of the evaluation forms the basis of the Managing Director's Development Plan. Performance pay components of the Managing Director's package is dependent on the outcome of the evaluation and/or formulas relating to Company performance targets.

During the Reporting Period informal assessments were carried out with the Managing Director by the Chairman. The Company is in the process of modifying the performance appraisal procedure which will be implemented for the 2011/12 year.

## Ethical and Responsible Decision Making

### Code of Conduct (Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is available on the Company website at [www.venturexresources.com](http://www.venturexresources.com).

### Diversity (Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

A summary of the Company's Diversity Policy is available on the Company's website at [www.venturexresources.com](http://www.venturexresources.com).

The Board has not formalised measurable objectives for achieving gender diversity, however it is committed to providing equal employment opportunity to enable a workplace based on gender diversity.

The proportion of women employees in the whole organisation, women in Senior Executive positions and women on the Board are set out in the following table:

	Proportion of Women
Whole organisation*	8 out of 16 (50%)
Senior Executive positions	1 out of 3 (33%)
Board	0 out of 5 (0%)

\* Number does not include the Non-Executive Directors

### Continuous Disclosure (Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure and accountability at a Senior Executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and a summary of the Company's Compliance Procedures are available on the Company's website at [www.venturexresources.com](http://www.venturexresources.com).

### Shareholder Communication (Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with Shareholders and encouraging Shareholder participation at general meetings.

A summary of the Company's Shareholder Communication Policy is available on the Company's website at [www.venturexresources.com](http://www.venturexresources.com).

### Risk Management (Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that Management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems. Management provide updates to the Audit Committee following Risk Management Meetings, and the Audit Committee provide updates and recommendations to the Board on material business risk issues.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- ▶ the Board has established authority limits for Management which, if exceeded, will require prior Board approval;
- ▶ the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- ▶ the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

During the period, the Board resolved to adopt a new Corporate Governance system. As part of this system, the Board adopted a formal Risk Management Policy and a risk register was established by Management to identify the Company's material business risks and risk management/mitigation strategies for these risks. In addition, the process of management of material business risks has been allocated to members of Senior Management. The risk register will be reviewed quarterly and updated, as required, with an update provided to the Audit Committee.

As part of the risk management process, Management have considered the following risk categories in the Company's risk profile: market-related, financial reporting, operational, environmental, human capital, sustainability, occupational health and safety, political, strategic, ethical conduct, economic cycle / marketing, reputation, and legal and compliance issues.

The Board also requires Management to report to it confirming that those risks are being managed effectively. The Board has received a report from Management as to the effectiveness of the Company's management of its material business risks.

The Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration 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 risk.

A summary of the Company's Risk Management Policy is available on the Company's website at [www.venturexresources.com](http://www.venturexresources.com).