

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



## 1. Introduction

The Board of Directors of Minara Resources Limited (the **company**) is committed to the principle of best practice in corporate governance. The Board believes that genuine commitment to good corporate governance is essential to the performance and sustainability of the company's business and, as such, depends upon the corporate culture – values and behaviours – that underlies the company's day-to-day activities.

The Board continually reviews its corporate governance practices and regularly monitors developments in best practice governance in Australia and overseas. Where international and Australian guidelines are not consistent, the best practice guidelines of the Australian Stock Exchange Limited (**ASX**) convened ASX Corporate Governance Council (**ASX Best Practice Recommendations**) have been adopted as the minimum base for corporate governance practices.

Details of the company's compliance with the ASX Best Practice Recommendations are set out below and an ASX Best Practice Recommendations Checklist is provided at Section 8 of this statement.

The company's key corporate governance policies are available in the corporate governance section of the company's website: [www.minara.com.au](http://www.minara.com.au).

## 2. Board of Directors

### 2.1 Board Role and Responsibilities

*ASX Best Practice Recommendations 1.1, 1.2 and 1.3*

The Board has adopted a formal Board Charter which details the composition, responsibilities and code of conduct under which the Board operates. The Board has resolved unanimously that the company will at all times aspire to "best practice" in corporate governance.

The Board acknowledges its accountability to shareholders for creating shareholder value within a framework that protects the rights and interests of shareholders and ensures that the company and its subsidiaries (the **Group**) are being properly managed. The Board aims to achieve these objectives through the adoption and monitoring of strategies, plans, policies and performance by:

- overseeing the Group, including its control and accountability systems;
- providing input into and final approval of the Group's strategic direction and performance objectives;
- directing, monitoring and assessing the Group's performance against strategic and business plans;
- approving the Group's annual budgets;
- reporting to shareholders and other stakeholders on the performance and state of the company;
- approving and monitoring the progress of capital management, major capital expenditure, acquisitions and divestments;
- reviewing and ratifying the Group's systems of internal compliance and control, risk management and legal compliance and ensuring the integrity and effectiveness of those systems;
- approving and monitoring financial and other reporting, including reporting to shareholders, the Australian Securities Exchange and other stakeholders;
- appointing and removing the Chief Executive Officer, Company Secretary and Chief Financial Officer;
- ratifying the appointment of senior management;
- monitoring senior management's performance and implementation of strategy;
- ensuring appropriate resources are available to senior management;
- ensuring that the remuneration and conditions of service are appropriate to attract and retain senior management; and
- establishing and monitoring succession planning for the Board and senior management.

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



Day-to-day conduct of the company's business is delegated to the company's Chief Executive Officer.

The Board determines the strategic direction of the company and sets policies accordingly. Oversight of the company's executive management and operations is maintained through committees and, in addition, the Board monitors substantive issues such as ethical standards and social and environmental responsibilities.

Unless otherwise indicated in this statement, the practices specified in the Board Charter have been followed throughout the 2008 reporting period and will remain in force until amended by resolution of the Board.

A copy of the Board Charter is available in the corporate governance section of the company's website: [www.minara.com.au](http://www.minara.com.au).

## 2.2 Board Composition

*ASX Best Practice Recommendations 2.1, 2.2, 2.3 and 2.6*

The Board is currently comprised of six (6) directors: five (5) non-executive directors and one (1) executive director.

The names of the directors of the company at the date of this statement are set out in the table below:

Director	Role	Appointed	Retiring at 2009 AGM	Seeking re-election at 2009 AGM
Peter Coates	Chairman, Independent Non-Executive Director	1 April 2008 (Chairman: 9 May 2008)	No	-
Peter Johnston	Managing Director & Chief Executive Officer	28 November 2001	No	-
Ivan Glaserberg	Non-Executive Director	8 December 2000	No	-
Willy Strothotte <sup>1</sup>	Non-Executive Director	31 May 2001	Yes	Yes
John Morrison	Independent Non-Executive Director	16 December 1999	Yes	Yes
Malcolm Macpherson	Independent Non-Executive Director	11 April 2002	No	-

Note:

1. Mr Markus Ocskay is the alternate non-executive director for Mr Strothotte with effect from 29 December 2008. Mr Steven Isaacs was the alternate non-executive director for Mr Strothotte until 29 December 2008.

All directors (except the Managing Director) are elected by shareholders and, thereafter, are subject to re-election at least once every three (3) years.

The Board is structured so that independent non-executive directors are not in the minority on the Board. The Chairman plays an important role in ensuring that the Board works effectively.

Appointments to the Board are based on merit against objective criteria that serve to maintain an appropriate balance of skills and experience on the Board. The most used nomination criteria are:

- appropriate experience;
- the ability to exercise sound business judgement;
- a position of leadership or prominence in a specified field;
- absence of conflicts of interest or other legal impediments to serving on the Board;
- willingness to devote the required time and freedom from scheduling, or other conflicts, which would prevent attendance at Board or committee meetings; and
- geographical spread.

Pursuant to the company's constitution, the company must not have less than three (3) nor more than ten (10) directors, unless varied by resolution.

The Board periodically reviews its size as appropriate.

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



## 2.3 Director Independence

### *ASX Best Practice Recommendation 2.1*

The ASX Best Practice Recommendations maintain that directors are considered to be independent if they are not major shareholders, are independent of management, and are free from any business or other relationship that could materially interfere with their exercise of free and independent judgement. ASX Best Practice Recommendation 2.1 recommends that the Board should comprise a majority of independent directors.

Independent directors on the Board are Mr Morrison, Mr Macpherson and the Chairman of the company, Mr Coates.

The non-independent directors are Mr Johnston, Mr Glasenberg and Mr Strothotte. Mr Johnston is the Managing Director and Chief Executive Officer and is appointed by the Board. Messrs Strothotte and Glasenberg, although not being major shareholders themselves, have been regarded as being non independent by virtue of their directorship of, and shareholding in, Glencore International AG, which as at the date of this Corporate Governance Statement holds approximately 70.6% of the issued capital in the company. Additionally, Mr Ocskay, the alternate non-executive director for Mr Strothotte since 29 December 2008, and Mr Steven Isaacs the alternate non-executive director for Mr Strothotte until 29 December 2008, are not regarded as being independent by virtue of their employment with Glencore International AG.

While the composition of the Board, using the cautious definition of independence adopted by the Board as above, did not comply with ASX Corporate Governance Council Recommendation 2.1, the Board regarded the composition of directors as a good balance with the appropriate mix of expertise and experience and ability to represent the interests of all shareholders. From 1 April 2008 (being the date Mr Coates was appointed by a director) until Mr Campbell retired on 9 May 2008, the company complied with the recommendation.

## 2.4 Conflicts of Interest

All directors of the company must keep the Board advised, on an ongoing basis, of any private interest that could potentially conflict with the interests of the Group. Where the Board believes that a significant conflict exists, the director concerned – will not receive relevant Board papers and will not be present at the meeting whilst the item is considered.

All directors and executive officers of the Group are required to disclose to the company any material transaction or commercial relationship or corporate opportunity that reasonably could be expected to give rise to such a conflict. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

## 2.5 Directors' Retirement and Re-election

Directors serve a maximum three (3) year term before being required to be re-elected by members. The company's constitution also provides that at least one third (or the nearest whole number) of directors must retire at each annual general meeting, as well as any directors appointed to fill a casual vacancy who have not been re-appointed at a general meeting since the last annual general meeting. Retiring directors are eligible for re-election at the meeting at which they retire.

There is no compulsory retiring age of directors.

Mr Coates was appointed director from 1 April 2008. On the retirement of Mr Campbell on 9 May 2008, Mr Coates was appointed Chairman.

## 2.6 Terms of Appointment

New directors receive, and are required to sign, a formal letter of appointment setting out the responsibilities, rights and key terms and conditions of their appointment.

## 2.7 Induction Training and Continuing Education

New directors are required to participate in a comprehensive induction which covers the operations, financial position, strategic and risk management issues, as well as the operation of the Board and its sub-committees. This includes site visits, presentations and meetings with key executives.

All directors are expected to maintain the skills required to discharge their obligations to the company. In addition, directors undertake site visits and the company provides the Board with regular updates, briefings, educational information papers and presentations on industry-related matters and new developments that may be of interest to the company.

## 2.8 Board Performance Evaluation

### *ASX Best Practice Recommendation 2.5*

The Board aims to have members with high levels of intellectual ability, experience, soundness of judgment and integrity to maximise its effectiveness and contribution.

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



The Board reviews its performance and the performance of its committees on an on-going basis. The review process serves to identify any areas of weakness and areas for improving the performance of the Board, its committees and the Board's relationship with management.

In December 2008 the Board carried out an annual self assessment process of the Board and its committees. All directors and senior executives were required to complete an anonymous evaluation questionnaire to objectively rank performance, according to a defined scale, for each responsibility/activity. In addition, directors and senior executives were encouraged to provide supporting or explanatory comments regarding their assessment. The results of the questionnaires were collated and statistically analysed to rank collective performance against each topic. An evaluation report was prepared and circulated to all directors and considered by the Board.

The Chairman's on-going evaluation of each Director's performance includes informally reviewing and monitoring and assessing their contribution and participation in Board activities. Directors whose performance is judged to have been unsatisfactory may be asked to retire.

## **2.9 Board Access to Information and Independent Advice**

Subject to the directors' conflict of interest guidelines at section 2.4, directors have direct access to the company's management personnel and to access company information that is in the possession of the management.

In performing their duties, directors have the right to seek independent, professional advice at the company's expense, in furtherance of their duties as directors, with the approval of the Chairman, which approval shall not be unreasonably withheld.

## **2.10 Directors' Remuneration**

*ASX Best Practice Recommendations 8.1, 8.2 and 8.3*

Refer to section 3.4 of this statement.

## **2.11 Chairman and Chief Executive Officer (CEO)**

*ASX Best Practice Recommendations 2.2 and 2.3*

The Chairman, Mr Peter Coates, is an independent non-executive director elected by the full Board, who has no previous association with the company, is not a substantial shareholder of the company and is not associated with a substantial shareholder of the company, has not previously been an employee, has not had a material contractual relationship with the company within the last three (3) years and is free from any interest which could materially interfere with his ability to act in the best interest of the company.

The Chairman is responsible for leadership of the Board, setting agendas, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the company's senior executives.

The CEO, Mr Peter Johnston, is selected by the Board and is subject to annual performance reviews by the non-executive directors. The CEO is responsible for managing the company, reporting to the Board and implementing Group strategies and policies.

The Board Charter specifies that the role of Chairman is to be undertaken by an independent non-executive director and that the Chairman and the CEO will not be the same person.

## **2.12 Company Secretary**

The appointment and removal of a company secretary is a matter for decision by the Board. The company secretary is responsible for ensuring that Board procedures are complied with and that corporate governance matters are addressed. The company secretary is accountable to the Board, through the Chairman, on all governance matters.

## **2.13 Board Meetings**

*ASX Best Practice Recommendation 2.5*

The Board meets on a regular basis to retain full and effective control and monitor executive management. During the 2008 reporting period, the Board met seven (7) times. The directors' attendance at meetings is detailed in the Directors' Report.

Papers for Board meetings are usually circulated at least seven (7) days prior to the date of meeting.

Members of the company's management team may attend meetings at the invitation of the Board.

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



## 2.14 Evaluation of Senior Executives

*ASX Best Practice Recommendations 1.2 and 1.3*

The CEO reviews the performance of all senior executives on an annual basis, usually in November/December, and a performance evaluation of senior executives was undertaken in 2008.

Each senior executive's performance is assessed against key performance indicators relevant to the senior executive's areas of responsibility. The performance review includes face to face meetings and a written evaluation. The outcomes of performance reviews are reported to the Nomination & Remuneration Committee.

The performance evaluation of the CEO is facilitated by the Chairman, with ultimate oversight by the Board. The evaluation of the CEO involves an assessment of a range of factors including the overall performance of the company.

## 3. Committees of the Board

### 3.1 Board Committees, Membership and Charters

*ASX Best Practice Recommendations 2.4, 2.6, 4.1, 4.2, 4.3, 4.4 and 8.1*

To assist in the execution of its duties and to allow detailed consideration of complex issues, the Board has established the following standing committees:

- the Audit Committee;
- the Risk Management & Compliance Committee; and
- the Nomination & Remuneration Committee.

The Audit Committee and the Risk Management & Compliance Committee were formerly combined and operated as a single committee until 21 November 2007 when they were split into two (2) separate committees. The Nomination & Remuneration Committee formerly operated as two (2) separate committees, until they were amalgamated on 21 November 2007, and now operates as a single committee.

The Board may also delegate specific responsibilities to ad hoc committees from time to time.

Each committee is comprised entirely of non-executive directors with the necessary skills and experience, and the committee structure and membership is reviewed periodically. All directors who are not members have a standing invitation to attend committee meetings.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed on an annual basis and are available in the corporate governance section of the company's website: [www.minara.com.au](http://www.minara.com.au).

Minutes of committee meetings are tabled at the immediately subsequent Board meeting. All matters determined by committees are submitted to the full Board as recommendations for Board decisions. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

### 3.2 Audit Committee

*ASX Best Practice Recommendations 4.2, 4.3 and 4.4*

The Audit Committee is comprised of the following non-executive directors:

- Mr John Morrison (Chairman);
- Mr Malcolm Macpherson; and
- Mr Markus Ocskay (alternate director for Mr Willy Strothotte) from 29 December 2008.

Mr Isaacs, alternate director for Mr Strothotte until 29 December 2008, served on the committee until 29 December 2008.

Each of these directors is regarded as independent, except for Messrs Ocskay and Isaacs, who are not regarded as being independent by virtue of their employment with Glencore International AG, the company's largest shareholder.

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



Mr Morrison brings a high level of financial expertise and experience to the Audit Committee. He is an executive director of a leading independent investment bank and has broad experience in the finance and natural resources industries. Mr Macpherson has held various directorships in major resources companies and has also served as Senior Vice President of the Minerals Council of Australia and President of the Chamber of Minerals & Energy (WA). Mr Ocskay joined Glencore International AG in 1998, where he has focussed on corporate finance projects, debt capital market transactions and investor relations. Prior to joining Glencore, Mr Ocskay worked for UBS in the Structured Finance division in Zurich, London and Sydney.

The Audit Committee operates under a charter adopted by the Board. The role of the committee is to assist the Board in:

- ensuring the integrity of the Group's financial statements and the financial reporting and internal control systems;
- the appointment, remuneration, qualifications, independence and performance of the external auditor and the integrity of the audit process;
- fulfilling its obligations in relation to its financial compliance framework and systems; and
- ensuring that the company complies with its continuous disclosure obligations.

The particular responsibilities of the Audit Committee are set out in the charter. In accordance with the charter, a majority of the committee will consist of independent directors. The committee as established complies with this requirement.

The Audit Committee meets with the external auditors and senior management to review the half yearly and annual financial statements and report, as well as specific issues or matters which may arise from the external audit process. The external auditor submits a formal report to the Audit Committee in relation to the half yearly review and the annual audit.

The Chairman of the Audit Committee is not the Chairman of the company.

The Audit Committee reports to the Board after each committee meeting. The Chairman of the Audit Committee is also required to submit an annual report to the Board summarising the Committee's activities and the related significant results and findings.

The Audit Committee has the necessary authority and resources to discharge its duties and responsibilities including the authority to select, retain and terminate specialist advisors, counsel or experts as deemed necessary or appropriate without seeking the approval of the Board or management.

The Audit Committee regularly reviews its composition in light of the skills and experience of its members and having regard to any changes in the regulatory environment in which the company operates.

The company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Following the Annual General Meeting on 18 May 2005, Deloitte Touche Tohmatsu were appointed as the external auditors. An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the Directors' Report. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

Details of the number of meetings of the Audit Committee and attendance at those meetings are set out in the Directors' Report.

### **3.3 Risk Management & Compliance Committee**

*ASX Best Practice Recommendations 4.2, 4.3, 4.4 and 4.5*

The Risk Management & Compliance Committee is comprised of the following non-executive directors:

- Mr Malcolm Macpherson (Chairman);
- Mr John Morrison; and
- Mr Markus Ocskay (alternate director for Mr Willy Strothotte) from 29 December 2008.

Mr Steven Isaacs, alternate director for Mr Willy Strothotte until 29 December 2008, served on the committee until 29 December 2008.

Each of these directors is regarded as independent, except for Messrs Ocskay and Isaacs, who are not regarded as being independent by virtue of their employment with Glencore International AG, the company's largest shareholder.

The Risk Management & Compliance Committee operates under a charter adopted by the Board. The role of the committee is to assist the Board in:

- its oversight of the establishment and implementation of the Group's risk management and internal control system;
- its holistic focus on material business risks;

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



- the Group's compliance with applicable legal and regulatory requirements;
- clarifying the role of management in relation to risk management;
- its review of management's reporting on the effectiveness of managing material risks; and
- monitoring the independence of directors.

The committee shall also ensure that there is public disclosure of the Group's risk management policies and procedures and corporate governance systems and controls.

Details of the number of meetings of the Risk Management & Compliance Committee and attendance at those meetings are set out in the Directors' Report.

### **3.4 Nomination & Remuneration Committee**

*ASX Best Practice Recommendations 2.4 and 2.6 (nomination recommendations)*

*ASX Best Practice Recommendation 8.1, 8.2 and 8.3 (remuneration recommendations)*

The Nomination & Remuneration Committee is comprised of the following non-executive directors:

- Mr Peter Coates (Chairman) since 9 May 2008;
- Mr Ivan Glasenberg;
- Mr Malcolm Macpherson; and
- Mr John Morrison.

Mr James Campbell was a member of the committee until his retirement on 9 May 2008.

The Nomination & Remuneration Committee operates under a charter adopted by the Board. In accordance with the charter, a majority of the committee will consist of independent directors. The committee as established complies with this requirement.

The role of the committee is to make recommendations to the Board in relation to:

- the Group's overall remuneration strategy;
- the remuneration, superannuation, recruitment, retention and termination arrangements, policies and procedures for the Chief Executive Officer, non-executive directors and senior management;
- the necessary and desirable competencies of directors;
- review of Board succession plans;
- the development of a process for evaluation of the performance of the Board, its committees and directors;
- the appointment and re-election of directors; and
- the appointment of the Company Secretary and the Chief Financial Officer.

The particular responsibilities of the committee are set out in its charter.

The Nomination & Remuneration Committee responsibilities include:

- assessing the expertise required by directors to adequately discharge the Board's duties having regard to the Group's business and financial objectives; and
- developing and implementing a process for the identification of suitable candidates for Board positions,

with a view to recommending candidates to fill Board positions and sub-vacancies.

The Nomination & Remuneration Committee is also responsible for overseeing the Group's remuneration policies and practices and to ensure:

- that the Group's remuneration policies are consistent with the Group's strategic objectives; and

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



- that the required disclosures are made to stakeholders in relation to director and senior management remuneration in accordance with regulatory requirements and good governance principles and practice.

The Nomination & Remuneration Committee reports to the Board after each Committee meeting.

Details of director and senior executive remuneration are set out in the Remuneration Report.

Details of the number of meetings of the Nomination & Remuneration Committee and attendance at those meetings are set out in the Directors' Report.

## 4. Promoting Responsible and Ethical Behaviour

### 4.1 Code of Conduct

*ASX Best Practice Recommendations 3.1 and 3.3*

The Board has adopted a Board of Directors Code of Conduct. This Code of Conduct comprises a code setting out parameters for ethical behaviour and business practices that apply to all of the Group's directors. The Board of Directors Code of Conduct is included as an appendix to the Board Charter which is available for review in the corporate governance section of the company's website: [www.minara.com.au](http://www.minara.com.au).

The Board also has adopted a Corporate Code of Conduct which requires employees who are aware of unethical practices within the Group or breaches of the company's Securities Dealing Policy to report these using the company's Whistleblower Policy. The Corporate Code of Conduct is available for review in the corporate governance section of the company's website.

The Codes of Conduct are regularly reviewed and updated, as necessary, to ensure that they reflect the highest standards of behaviour and professionalism, and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Codes of Conduct require that at all times the Group's directors and personnel act with the utmost integrity, objectivity and in compliance with both the letter and the spirit of the law and company policy. The directors are satisfied that the Group has complied with the Codes of Conduct during the 2008 reporting period.

### 4.2 Whistleblower Policy

*ASX Best Practice Recommendations 3.1 and 3.3*

The company has a Whistleblower Policy to support the promotion of ethical behaviour throughout the company by providing a framework for reporting, investigating and responding to issues where corrupt, illegal or undesirable conduct is observed or reported. This can be done anonymously.

The company is committed to upholding and complying with all relevant legislation and internal processes, practices and standards that promote ethical behaviour and best practice, and to maintaining an open working environment in which directors, officers, executives, employees, contractors, agents and suppliers are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

The Whistleblower Policy applies to:

- directors and officers of the company; and
- executives, employees, contractors, agents and suppliers of the company.

The Company Secretary also has responsibility for the initial investigation of significant issues raised under the Whistleblower Policy. These matters are reported to the Risk Management & Compliance Committee.

The Whistleblower Policy is available for review in the corporate governance section of the company's website: [www.minara.com.au](http://www.minara.com.au).

### 4.3 Securities Ownership and Dealing

*ASX Best Practice Recommendations 3.2 and 3.3*

The company's Securities Dealing Policy applies to all directors, executives, employees, contractors, consultants and advisors (together **Designated Persons**) of the company and the Group.

The Securities Dealing Policy was implemented to:

- ensure that Designated Persons adhere to high ethical and legal standards in relation to their personal investment in company securities;

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



- ensure that the personal investments of Designated Persons do not conflict with the interests of the company and those of other holders of company securities;
- preserve market confidence in the integrity of dealings in company securities; and
- ensure the reputation of the company is maintained.

The company's Securities Dealing Policy complies with the ASX Best Practice Recommendations.

The Securities Dealing Policy is available for review in the corporate governance section of the company's website: [www.minara.com.au](http://www.minara.com.au).

The directors confirm that the Group has complied with the Securities Dealing Policy during the 2008 reporting period.

## 5. Shareholders

### 5.1 Shareholder Communication

*ASX Best Practice Recommendations 6.1 and 6.2*

The company is committed to the promotion of investor confidence by ensuring that trade in its securities takes place in an efficient, competitive and informed market. The directors recognise that shareholders are entitled to receive timely and relevant high quality information about their investment and that new investors are entitled to be able to make informed investment decisions when considering the purchase of shares in the company.

The company's Shareholder Communications Policy is available for review in the corporate governance section of the company's website: [www.minara.com.au](http://www.minara.com.au).

In addition to statutory disclosure documents such as Annual Reports and quarterly production reports, the Board is committed to keeping all stakeholders informed of all material developments that affect the company in a timely manner. All company ASX announcements are uploaded onto the company's website: [www.minara.com.au](http://www.minara.com.au).

The external auditor is required to attend Annual General Meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### 5.2 Continuous Disclosure

*ASX Best Practice Recommendations 5.1 and 5.2*

The company is a disclosing entity under the Corporations Act and is subject to the continuous disclosure requirements under the ASX Listing Rules. The Continuous Disclosure Policy was implemented to:

- ensure that the company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and, as much as possible, seeks to achieve and exceed best practice;
- provide shareholders and the market with timely, direct and equal access to information issued by the company; and
- promote investor confidence in the integrity of the company and its securities.

The Board endorses full and regular communication with and between directors, the Managing Director & Chief Executive Officer, the Company Secretary, senior management, the external auditors and other professional advisors, shareholders and other significant stakeholders.

All shareholders who request a printed version receive a copy of the company's annual report at the same time as they receive a copy of notice of the annual general meeting. The company's annual report can also be found in the reports section of the company's website: [www.minara.com.au](http://www.minara.com.au).

Full use is made of the annual general meeting to inform shareholders of current developments through appropriate presentations and to provide opportunities for questions.

The Continuous Disclosure Policy complies with the ASX Best Practice Recommendations and the directors confirm that the company has complied with the Continuous Disclosure Policy during the 2008 reporting period.

The company's Continuous Disclosure Policy can be found in the corporate governance section of the company's website: [www.minara.com.au](http://www.minara.com.au).

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



## 6. Financial Reporting

The company is committed to providing shareholders with clear, transparent, and high-quality financial information in a timely manner. The company's Continuous Disclosure Policy underpins this approach.

The company requires that management complete a comprehensive questionnaire and certification process in relation to the preparation and integrity of all financial reports and the effectiveness of all internal control systems.

As part of this process, the Managing Director and Chief Financial Officer are required to certify 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 Group and are in accordance with relevant accounting standards; and
- that the above statement is founded 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 financial reports of the company are produced in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accountings Standards Board and the Corporations Act and in many cases exceed the disclosure requirements of the Corporations Act and the Australian Accounting Standards Board Policy 1434. The financial statements and reports are subject to review every half year and the auditor issues an audit opinion accompanying the full year results for each financial year.

## 7. Risk Management and Internal Control

*ASX Best Practice Recommendations 7.1, 7.2, 7.3 and 7.4*

The Board, through the Risk Management & Compliance Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct for directors is required at all times and the Board actively promotes a culture of quality and integrity. An enterprise-wide risk management system, based on the Australian/New Zealand Risk Management Standard, is in place to enable the identification, management and reporting of risk throughout the business.

Detailed control procedures cover management accounting, purchases and payments, financial reporting, capital expenditure requests, project appraisal, environment, health and safety, IT security, compliance, and other risk management issues. There is a systematic review and monitoring of key business operational risks by a management group which meets at least quarterly. The management group reports on current and future risks and mitigation activities to the Risk Management & Compliance Committee. This occurs every six months or more frequently as required by the Risk Management & Compliance Committee or the Board.

The company has identified the following risk factors which the company believes represent some of the general and specific risks faced by the company. These factors are not an exhaustive list; they are provided to assist investors in understanding the inherent risks of the company:

- fluctuations in nickel and cobalt prices;
- fluctuations in foreign exchange rates;
- fluctuations in the price of sulphur;
- resource, reserve and production risk;
- increased production costs, including labour costs;
- availability of key supplies;
- Native Title;
- mineral exploration and mining activities;
- future capital requirements.

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



The company recognises the importance of environmental and occupational health and safety (**OH&S**) issues and is committed to the highest levels of performance. To help meet this objective, the Environmental Management System (**EMS**) and the Safety Management System (**SMS**) were established to facilitate the systematic identification of environmental and OH&S issues and to ensure they are managed in a structured manner. This system allows the company to:

- monitor its compliance with all relevant legislation;
- continually assess and improve the impact of its operations on the environment;
- encourage employees to actively participate in the management of environmental and OH&S issues;
- work with trade associations representing the entity's businesses to raise standards;
- use energy and other resources efficiently; and
- encourage the adoption of similar standards by the entity's principal suppliers, contractors and distributors.

Detailed internal control questionnaires are completed by the CEO, the Chief Financial Officer, and the Company Secretary in relation to financial and other reporting every six months. These are reviewed by the Audit Committee and the company's external auditors as part of the company's reporting. The objectives of the questionnaires are to provide the necessary assurances to the Board that controls are in place to safeguard and protect the assets of the Group, that accounting records of the Group are accurately and reliably maintained and that an effective system of financial reporting, internal control and risk management are in place to present a true and fair view of the Group's financial and risk position.

The Managing Director has reported to the Board in respect of the effectiveness of the company's management of its material business risks.

The Board has received written assurance from the Managing Director and the Chief Financial Officer that the declaration in respect of the company's 2008 financial reports referred to in section 6 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.

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



## 8. ASX Best Practice Recommendations Checklist

The company complies with the ASX Best Practice Recommendations with the exception of the recommendation that a majority of the Board should be independent directors. Using the definition of independence adopted by the ASX Corporate Governance Council, independent directors do not comprise a majority of the Board.

The following table indicates the company's compliance with the ASX Best Practice Recommendations.

	Comply
<b>Principle 1: Lay solid foundations for management and oversight</b>	
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	✓
1.2 Companies should disclose the process for evaluating the performance of senior executives.	✓
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	✓
<b>Principle 2: Structure the board to add value</b>	
2.1 A majority of the board should be independent directors.	x <sup>1</sup>
2.2 The chair should be an independent director.	✓
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	✓
2.4 The board should establish a nomination committee.	✓
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	✓
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	✓
<b>Principle 3: Promote ethical and responsible decision-making</b>	
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:	
▪ 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; and	✓
▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓
3.2 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.	✓
3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3.	✓
<b>Principle 4: Safeguard integrity in financial reporting</b>	
4.1 The board should establish an audit committee.	✓

<sup>1</sup> Refer to section 2.3 of this statement. From 1 April 2008 until the retirement of Mr Campbell on 9 May 2008 the company complied.

# CORPORATE GOVERNANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2008



- 4.2 The audit committee should be structured so that it:
- 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; and ✓
  - has at least three members. ✓

4.3 The audit committee should have a formal charter. ✓

4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4. ✓

## Principle 5: Make timely and balanced disclosure

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. ✓

5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5. ✓

## Principle 6: Respect the rights of shareholders

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. ✓

6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6. ✓

## Principle 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. ✓

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. ✓

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. ✓

7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7. ✓

## Principle 8: Remunerate fairly and responsibly

8.1 The board should establish a remuneration committee. ✓

8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. ✓

8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8. ✓