

BAUXITE RESOURCES LIMITED
CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (**Best Practice Recommendations**). The Best Practice Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Best Practice Recommendations.

The Board of the Company currently has in place a corporate governance policy which is posted in a dedicated corporate governance information section of the Company's website.

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's proposed Corporate Governance Statement includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the executive directors.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	The Company will explain any departures from best practice recommendations 1.1 and 1.2 in its future annual reports, including whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.
2.	Structure the board to add value	
2.1	A majority of the board should be independent directors.	Whilst less than half of the current board are independent directors (which is not in accordance with the best practice recommendation) the board is of the view that it is structured in such a way so as to add value and is appropriate for the size and

Approved by the Board

		complexity of the business.
2.2	The chair should be an independent director.	The chairman is not independent. The board considered that Mr Luke Atkins was most qualified for the dual roles of executive director and chairman for the Company's formative period.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Mr Luke Atkins is chairman and executive director. The Company's Corporate Governance Policy provides that although the roles of chairman and managing director are ideally not combined, while the Company is relatively small, it may be necessary for economies to combine the roles.
2.4	The board should establish a nomination committee.	No formal nomination committee or procedures have been adopted as yet. The Board, as a whole, serves as a nomination committee. Where necessary, the nomination committee seeks advice of external advisers in connection with the suitability of applicants for Board membership.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The chair will review the composition of the Board and the performance of each director to ensure that it continues to have a mix of skills and experience necessary for the conduct of the Company's activities. A new director will receive an induction appropriate to his or her experience.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	The Company will provide details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its future annual reports.
3.	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their 	The Company's Corporate Governance Statement includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment.

	<p>legal obligations and the reasonable expectations of their stakeholders</p> <ul style="list-style-type: none"> the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	
3.2	<p>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>	<p>The Company's current corporate governance policy includes guidelines for buying and selling securities in the Company.</p> <p>The Corporate Governance Statement, which deals more comprehensively with trading in Company securities, will be posted on the Company's website.</p>
3.3	<p>Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	<p>The Company will explain any departures from best practice recommendations 3.1, 3.2 and 3.3 in its future annual reports.</p>
4.		
4.1	<p>The board should establish an audit committee.</p>	<p>The board considers that it is not of sufficient size at this stage to require a separate audit committee.</p>
4.2	<p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> consists only of non-executive directors consists of a majority of independent directors is chaired by an independent chair, who is not chair of the board has at least three members. 	<p>The composition, roles and responsibilities of the audit committee (when it is established) are set out in the Corporate Governance Policy available on the Company's website.</p>
4.3	<p>The audit committee should have a formal charter.</p>	<p>The Company's proposed Corporate Governance Statement includes a formal charter for the audit committee.</p>

4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	The Company will explain any departures from best practice recommendations 4.1, 4.2 and 4.3 in its future annual reports.
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.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5.	The Company will provide an explanation of any departures from best practice recommendation 5.1 in its future annual reports
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.	The Company's Corporate Governance Statement includes a shareholder communications strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company will provide an explanation of any departures from best practice recommendation 6.1 in its future annual reports.
7.	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.
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	The Board will require either the Managing Director or Chief Financial Officer (when appointed) or the executive directors (or their equivalents) to design and implement risk management and internal control systems and provide a report at the relevant time.

	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.	The Board will seek this relevant assurance from the Managing Director and the Chief Financial Officer (when appointed) or the executive directors (or their equivalents).
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Company will provide an explanation of any departures from best practice recommendations 7.1, 7.2 and 7.3 (if any) in its future annual reports.
8.	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	The Company's remuneration committee comprises the Board acting without the affected director participating in the decision making process
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board will distinguish the structure of non executive director's remuneration from that of executive directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration of the Managing Director and senior executives (without the participation of the affected director).
8.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	The company will provide an explanation of any departures from best practice recommendations 8.1 and 8.2 (if any) in its future annual reports.