

Exalt Resources Ltd Corporate Governance Statement

The Company has adopted a comprehensive system of control and accountability as the basis for the administration of corporate governance.

The Board is responsible to Shareholders for the overall management of the Company's business and affairs. The Directors' overriding objective is to increase Shareholder value within an appropriate framework which protects the rights and interests of Shareholders and ensures the Company is properly managed.

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, the Company has adopted the Corporate Governance Principles (2nd edition) ("**Principles**") as published by ASX Corporate Governance Council.

The Company's corporate governance principles and policies are structured with reference to the ASXCGC's Corporate Governance Principles (2nd edition), which are as follows:

Recommendation 1	Lay solid foundations for management and oversight;
Recommendation 2	Structure the Board to add value;
Recommendation 3	Promote ethical and responsible decision making;
Recommendation 4	Safeguard integrity in financial reporting;
Recommendation 5	Make timely and balanced disclosures;
Recommendation 6	Respect the rights of shareholders;
Recommendation 7	Recognise and manage risk;
Recommendation 8	Remunerate fairly and responsibly;

In accordance with recommendations of the ASX, information published on the Company's web site includes charters of Board and its subcommittees, codes of conduct and other policies and procedures relating to the Board and its responsibilities. A copy of the Company's Corporate Governance Statement can be found on the Company's website www.Exaltresources.com.au under the Corporate Governance Section.

To the extent that they are relevant to the organisation, the Company has adopted the eight Corporate Governance Principles (2nd edition) ("**Principles**") as published by the ASX Corporate Governance Council.

The Board will consider on an ongoing basis its Corporate Governance procedures and whether they are sufficient as the Company's activities develop in size, nature and scope.

Exalt Resources Ltd,

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The Board sets out below its "if not, why not" report. 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.

The table below summarises the eight principles and recommendations (P&R) and those recommendations not adopted by the Company.

	ASX P & R ¹	If not, why not ²		ASX P & R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 2.1	✓		Recommendation 5.2	✓	
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2	✓	
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6	✓		Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4	✓	
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3	✓		Recommendation 8.2		✓
Recommendation 3.4	✓		Recommendation 8.3	✓	
Recommendation 3.5	✓		Recommendation 8.4	✓	
Recommendation 4.1	✓				
Recommendation 4.2	✓				

Notes

- 1 Indicates where the Company has followed the Principles and Recommendations.
- 2 Indicates where the Company has provided "if not, why not" disclosure.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

As contained in the Company's Corporate Governance Statement, the Chairman will review the performance of all Senior Executives on an ongoing basis by way of informal meetings and report its findings to the Board.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

Disclosure:

A summary of the Company's Board Charter and functions reserved for the Board and Executive Chairman is available on the Company's website at www.Exaltresources.com.au under the section marked Corporate Governance.

Recommendation 2.2: The Chair should be an independent director.

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Notification of Departure:

The Chair, Emmanuel Correia is considered not to be an independent Director by virtue that his role may require him to perform certain executive function on behalf of the Company from time to time.

Explanation for Departure

The Board believes that the composition of the Board is both appropriate and acceptable at this stage of the Company's development and includes an appropriate mix of skills and expertise, relevant to the Company's current business. The Board will seek to recruit additional executive resources commensurate with its increased level of activity.

Recommendation 2.4: *The board should establish a nomination committee.*

Notification of Departure:

The Company has not established a separate Nomination Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a nomination committee.

Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it will operate under the Nomination Committee Charter. The Nomination Committee Charter provides for the Board to meet at least annually and otherwise as required.

Recommendation 2.5: *Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.*

Disclosure:

The full Board, in its capacity as the Nomination Committee, is responsible for evaluating the performance of the Board, its committees and individual Directors. The Board, committees and individual Directors are evaluated annually by way of informal meetings. If required the Board may also engage the services of independent performance evaluation consultants to assist in the evaluation of all or some of its directors.

Recommendation 2.6: *Companies should provide the information indicated in the Guide to Reporting on Principle 2.*

Disclosure:

The independent Directors are Shane Hartwig and Jim Malone. The Directors are independent as they are non-executive Directors who are not a 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 his judgment.

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To assist Directors with independent judgement, it is the Board's policy that the Directors may seek independent professional advice at the Company's expense, subject to prior consultation with the Chair of the Board.

The full Board carries out the role of the Nomination Committee. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Remuneration and Nomination Committee Charter, which is publicly available on the Company's website under the section marked Corporate Governance.

In determining candidates for the Board, the full Board in its capacity as the Nomination Committee follows a prescribed procedure which is publicly available on the Company's website at www.Exaltresources.com.au under the section marked Corporate Governance.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Under the Company's Constitution, if there are 3 or more Directors then one third of the Directors (excluding the Managing Director) must retire at every annual general meeting. Retiring directors are eligible for re-election. Re-appointment of Directors is not automatic.

Recommendation 3.2: *The entity has established a policy concerning diversity and has disclosed the policy or a summary of that policy. The policy 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.*

Exalt is in the process of formulating its Diversity Policy in advance of its adoption in the 2012 financial year. This policy will outline the Company's commitment to diversity and the active steps the Company will take in implementing the policy, commensurate with a company of its size and the industry with which it operates.

Recommendation 3.3: *The entity has disclosed in the annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.*

Recommendation 3.4: *The entity has disclosed in the annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.*

As these recommendations come into effect for the 2012 financial year, the Company will disclose in its 2012 annual report the requirements of Recommendations 3.3 and 3.4.

Recommendation 3.5: *Companies should provide the information indicated in the Guide to reporting on Principle 3.*

Disclosure:

Exalt has established a Code of Conduct and a Share Trading policy which all executives and employees are expected at a minimum to follow. The Company's Code of Conduct and Share Trading policy is available on the Company's website at www.Exaltresources.com.au under the section marked Corporate Governance.

The Company will include its Diversity Policy into its Corporate Governance Plan when it is finalised and adopted by the board.

Recommendation 4.4: *Companies should provide the information indicated in the Guide to reporting on Principle 4.*

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Disclosure:

The Company has a Risk Management Policy and an Audit and Risk Management Committee Charter, a copy of which is available on the Company's website at www.Exaltresources.com.au under the section marked Corporate Governance.

Recommendation 5.2: *Companies should provide the information indicated in the Guide to reporting on Principle 5.*

Disclosure:

A summary of the Company's policy to guide compliance with ASX Listing Rule disclosure is available on the Company's website at www.Exaltresources.com.au under the section marked Corporate Governance.

Recommendation 6.2: *Companies should provide the information indicated in the Guide to reporting on Principle 6.*

Disclosure:

A summary of the Company's shareholder communication strategy is available on the Company's website at www.Exaltresources.com.au under the section marked Corporate Governance.

Recommendation 7.3: *the Board should disclose whether it has received assurance from the chief executive 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.*

Once the Company is listed on the ASX, the Board intends to seek written assurance from the Chairman and CFO (or equivalent) in relation to the above statement.

Recommendation 7.4: *Companies should provide the information indicated in the Guide to Reporting on Principle 7.*

The Company has established an Audit and Risk Management Committee to monitor and review on behalf of the Board the system of risk management which the Group has established. This system aims to identify, assess, monitor and manage operational and compliance risks.

In addition the Company has established a Risk Management policy to ensure that procedures are in place to identify, monitor and report on risks facing the Company.

A copy of the Audit and Risk Management Charter and the Risk Management policy is available on the Company's website at www.Exaltresources.com.au under the section marked Corporate Governance.

Recommendation 8.1: *The Board should establish a Remuneration Committee.*

Recommendation 8.2: *The remuneration committee is structured so that it:*

- *consists of a majority of independent directors*
- *is chaired by an independent chair*
- *has at least three members.*

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Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a remuneration committee.

Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it will operate under the Remuneration Committee Charter. The Remuneration Committee Charter provides for the Board to meet at least annually and otherwise as required.

Under the Remuneration and Nomination Committee Charter, the role of the Board (when convening as the Remuneration Committee) is to review the Company's remuneration practices and policies and establish appropriate remuneration levels including incentive policies for Directors and senior executives.

***Recommendation 8.4:** Companies should provide the information indicated in the Guide to reporting on Principle 8.*

Disclosure:

As noted above, the full Board performs the function of the Remuneration Committee. To assist the Board to fulfil this function, it has adopted a Remuneration and Nomination Committee Charter, a copy of which is available on the Company's website at www.Exaltresources.com.au under the section marked Corporate Governance.

The explanation for departure set out under Recommendations 8.1 and 8.2 above explains how the functions of the Remuneration Committee are performed.

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

It is the Company's policy to prohibit transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

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