

SHREE MINERALS LIMITED
ACN 130 618 683

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.

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	The Company's Corporate Governance Plan 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 Chairman and Company Secretary. The Corporate Governance Plan is posted on the Company's website.
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 <i>Guide to reporting on Principle 1</i> .	An evaluation of the senior executives of the Company did not take place in the financial year ended 30 June 2009 as no executives had been appointed at such time. The Board will ensure that an evaluation of senior executives by the remainder of the Board will take place in future years. The Board Charter is set out in the Corporate Governance Plan which is posted on the Company's website. The Board Charter 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 Chief Executive Officer and executive directors.
2.	<i>Structure the board to add value</i>	
2.1	A majority of the board should be independent	A majority of the Board are independent directors.

	BEST PRACTICE RECOMMENDATION	COMMENT
	directors.	
2.2	The chairperson should be an independent director.	It is acknowledged that ASX recommends that the Chairman should be an independent Director (as defined by ASX). It is the Board's view, however, that the current Chairman (Mr Sanjay Loyalka) remains the most appropriate person to fulfil this role in the best interests of the Company and its shareholders.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	At present, considering the size of the Company, the role of Chief Executive Officer and of Chairman are both performed by Mr Sanjay Loyalka.
2.4	The board should establish a nomination committee.	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	Provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	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 (if any) from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its future annual reports. The Corporate Governance Plan is posted on the Company's website.
3.	<i>Promote ethical and responsible decision-making</i>	
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: (a) the practices necessary to maintain confidence in the company's integrity; and (b) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company's Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. The Corporate Governance Plan is posted on the Company's website.

	BEST PRACTICE RECOMMENDATION	COMMENT
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	<p>The Company's Corporate Governance Plan includes guidelines for buying and selling securities in the Company.</p> <p>The Corporate Governance Plan, which deals more comprehensively with trading in Company securities, is posted on the Company's website.</p>
3.3	Provide the information indicated in <i>Guide to Reporting on Principle 3</i> .	<p>The Company will explain any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 in its future annual reports.</p> <p>The Corporate Governance Plan is posted on the Company's website.</p>
4.	<i>Safeguard integrity in financial reporting</i>	
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	<p>The Board will consider whether it is appropriate to require the Chief Executive Officer and Chief Financial Officer (or their equivalents) to make such a statement at the relevant time.</p> <p>The Company does not currently have a Chief Financial Officer.</p>
4.2	The board should establish an audit committee.	The Board has an audit and risk committee.
4.3	Structure the audit committee so that it consists of: <ul style="list-style-type: none"> (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members. 	The audit committee currently comprises 3 non-executive directors. The independent chairperson of the committee will not be the chairman of the Board.
4.4	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes a formal charter for the audit and risk committee.

	BEST PRACTICE RECOMMENDATION	COMMENT
4.5	Provide the information indicated in <i>Guide to Reporting on Principle 4</i> .	The Company will provide details of the members of the audit and risk committee, the number of meetings of the audit and risk committee and the names of the attendees, together with an explanation of any departures (if any) from best practice recommendations 4.1, 4.2, 4.3, 4.4 and 4.5 in its future annual reports. The Corporate Governance Plan, including the audit and risk committee charter, is posted on the Company's website.
5.	<i>Make timely and balanced disclosure</i>	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Company has a continuous disclosure program in place designed to ensure the factual presentation of the Company's financial position.
5.2	Provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The Corporate Governance Plan, includes a continuous disclosure policy, and is posted on the Company's website.
6.	<i>Respect the rights of shareholders</i>	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	The Company's Corporate Governance Plan 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	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	The Board will request the external auditor to attend all future annual general meetings of the Company to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
7.	<i>Recognise and manage risk</i>	
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	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.

	BEST PRACTICE RECOMMENDATION	COMMENT
		The Board anticipates that it will delegate to the audit and risk committee responsibility for implementing the risk management system.
7.2	<p>The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:</p> <p>(a) the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and</p> <p>(b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</p>	<p>The Board will consider whether it is appropriate to require the Chief Executive Officer and Chief Financial Officer (or their equivalents) to provide such a statement at the relevant time.</p> <p>The Company does not currently have a Chief Financial Officer.</p>
7.3	Provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	<p>The Company will provide an explanation of any departures (if any) from best practice recommendations 7.1, 7.2 and 7.3 in its future annual reports.</p> <p>The Corporate Governance Plan, including the charter of the audit and risk committee is posted on the Company's website.</p>
9.	<i>Remunerate fairly and responsibly</i>	
8.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	<p>The Company has not developed such formal remuneration policies at this time.</p> <p>Given the current size of the Company, Board and level of activity of the Company, the Board does not currently have a formal process for the evaluation of individual Directors and would consider the implementation of one at this particular point as impractical. The Directors do consider, on an ongoing basis, the overall performance of the Board in context of the performance of the Company against its stated objectives and the trading price of its shares on the ASX on a regular basis.</p>
8.2	The board should establish a remuneration committee.	The Board has not established a remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the

	BEST PRACTICE RECOMMENDATION	COMMENT
		level of activity of the Company renders this impractical and the full Board considers in detail all of the matters for which the directors are responsible. Remuneration to the Directors is by way of Directors Fees only, with the level of such fees, having been set by the Board to an amount it considers to be commensurate for a company of its size and level of activity. There is currently no link between performance and remuneration. Further there are no schemes for retirement benefits in existence.
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	<p>The Board will distinguish the structure of non executive director's remuneration from that of executive directors and senior executives. The Company's Constitution also provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting.</p> <p>The Board is responsible for determining the remuneration of the executive directors (without the participation of the interested director).</p>
8.4	Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	<p>The Company has adopted an Employee Incentive Option Scheme, in which executive directors may be eligible to participate.</p> <p>The Company has no intentions in relation to payment of additional equity based executive remuneration for directors at this time.</p>
8.5	Provide the information indicated in <i>Guide to Reporting on Principle 8</i> .	<p>The Board will consider what information to include in the corporate governance section of the Company's annual report in respect of remuneration policies at the relevant time.</p> <p>The Company does not currently have in existence any schemes for retirement benefits for non-executive directors.</p> <p>The Company will explain any departures (if any) from best practice recommendations 8.1, 8.2 and 8.3 in its future annual reports.</p>