

STIRLING MINERALS LIMITED CORPORATE GOVERNANCE PRINCIPLES & PRACTICES – CHECKLIST	
MD	Access to interview and discuss aspects of Corporate Governance.
Presentation of Corporate Governance Statement in Annual report	<ol style="list-style-type: none"> 1. Statement of Departures from Best Practice, during the reporting period (ASX Listing Rule 4.10) to be include in the Statement. 2. Ability to cross reference matters required in the corporate governance statement to that contained in the annual report, rather than repeating information. 3. Establish the form of presentation in the annual report and its link to the Directors Report. 4. Key Corporate Governance policies and practices are made available on the Company's web site.

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
1.1 Formalise and disclose the functions reserved to the board and those delegated to management.	Functions of the Board are identified in the Board Charter and Corporate Governance Statement.	<ul style="list-style-type: none"> • The Board Charter together with relevant guidelines are set-out in the Corporate Governance Principles & Practice Manual (“CGPP Manual”). • Board & committee calendar to be developed • Review Standard Directors letter of appointment to ensure it clearly details the expectations of Directors. • Establish formal job descriptions for the CEO and the Senior Management. 	

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
2.1 A majority of the board should be independent directors.	The Board has a majority of Independent Directors.	Statement of Board Independence is set out in the CGPP Manual.	
2.2 The chairperson should be an independent director.	The MD holds a substantial shareholding.		
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	MD and Managing Director are not the same.		
2.4 The board should establish a nomination committee.	Function performed by the Board		
2.5 Provide the information indicated in <i>Guide to reporting on Principle 2</i> .	As no nomination committee established, no website disclosure made.		

<p>3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief executive officer (or equivalent) and any other key executives as to:</p> <p>3.1.1 the practices necessary to maintain confidence in the company's integrity</p> <p>3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	The Company has a code of conduct for the Board.	<p>Directors Code of conduct includes:</p> <ul style="list-style-type: none"> ➤ Duties; ➤ Conflicts of Interest; ➤ Use of Information; etc. ➤ 	
3.2 Disclose the policy concerning trading in company securities by directors, officers and employees.	Disclosed in the Policy on dealing in securities.	The policy is linked to Codes of Conduct.	

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
3.3 Provide the information indicated in <i>Guide to reporting on Principle 3</i> .	Relevant policies are to be posted on the Company's website.		
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 respect, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	Effective 1/7/2004 - the Corporations Act requires this certificate to be given.	Letters to be provided before sign-off of the Half-Yearly and Annual Report. Audit committee to review and consider.	
4.2 The board should establish an audit committee.	An Audit Committee has been established and meets at least twice a year.	The Audit and Risk Committee Charter includes: <ul style="list-style-type: none"> ➤ Composition; Terms of reference; Meetings, procedures; Relationships with Auditors; and Reporting ➤ Responsibilities, including external audit and internal audit processes; 	
4.3 Structure the audit committee so that it consists of: <ul style="list-style-type: none"> • only non-executive directors • a majority of independent directors • an independent chairperson, who is not chairperson of the board • at least three members 	Audit Committee consists of: <ul style="list-style-type: none"> • 2 non-executive directors • MD of the Audit Committee is Independent. 	The Committee operates under an approved Charter and has the input from the Company's Auditors.	
4.4 The audit committee should have a formal charter.	Audit Committee charter approved on 17 February 2005.		
4.5 Provide the information indicated in <i>Guide to reporting on Principle 4</i> .		Information to be included on the Company's web site.	

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
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.	Continuous Disclosure policies and procedures approved on 17 February 2005.		
5.2 Provide the information indicated in <i>Guide to reporting on Principle 5</i> .		Information to be included on the Company's web site.	
6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Communications strategies practice adopted on 17 February 2005.	Consider communication of strategies to shareholders, using website, electronic communications etc. Information to be included on the Company's web site.	
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.	This is current practice.		
7.1 The board or appropriate board committee should establish policies on risk oversight and management.	Risk Management is delegated to the Audit & Risk Committee. Risk Management Policy to be adopted	Audit and Risk has an objective to promote effective policies on risk oversight and management.	
7.2 The chief executive office (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: 7.2.1 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. 7.2.2 the company's risk management and internal compliance and	Refer 4.1.	The integrity of the Company's financial reporting depends on the existence of a sound system of risk oversight and management and internal control. The requirement to make this statement may encourage management accountability in this area. As above.	

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
control system is operating efficiently and effectively in all material respects.			
7.3 Provide the information indicated in <i>Guide to reporting on Principles 7</i> .	Disclosed in the Corporate Governance Statement.	Risk management policy is to be included on the Company's web site.	

8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.		Board to established evaluation guidelines. A formal information program for new Directors to be established.	
--	--	--	--

9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) to costs and benefits of those policies (ii) the link between remuneration paid to directors and key executives and corporate performance.	Remuneration Policies to be adopted.	Remuneration Policy is included in the CGPP manual. Remuneration of Executive Management, to be stated in Annual Report. Transparency and a readily understandable framework for Directors and Executive remuneration are recommended. Shareholders (non-binding) vote to be put to members at the 2006 AGM.	
9.2 The board should establish a remuneration committee.	Remuneration Committee Charter to be established	The Remuneration Committee Charter required to encompass the guidelines recommended by ASX. <ul style="list-style-type: none"> ➤ clearly establish; Composition; Terms of reference; Meetings, procedures. ➤ Policies on Remuneration for non-Executives; ➤ Policies on Remuneration for CEO & other senior executives; ➤ Policies for Succession planning 	

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
		➤ Link back to ESOP's	

<p>9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.</p>	<p>Remuneration Policy to be adopted.</p>	<p>Remuneration of Executive Management, to be stated in Annual Report. Transparency and a readily understandable framework for Directors and Executive remuneration is provided in the Corporate Governance Statement.</p>	
<p>9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.</p>			
<p>9.5 Provide the information indicated in <i>Guide to reporting on Principle 9</i>.</p>	<p>Information disclosed in the Annual Report.</p>	<p>Information included on the Company's web site.</p>	
<p>10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.</p>	<p>Corporate Code of conduct is linked with Directors code of conduct 3.1</p>	<p>Board Code of Conduct adopted on []. Information included on the Company's web site.</p>	
<p>Website disclosures</p> <ul style="list-style-type: none"> ➤ Board Charter ➤ Audit Committee; ➤ Remuneration Committee; ➤ Code of Conduct; ➤ Continuous Disclosure Policy; ➤ Communication to Shareholders Policy; ➤ Trading in Company's Securities 			