

CORPORATE GOVERNANCE

Sabre Resources Ltd has adopted the Ten Essential Corporate Governance Principles and the Best Practice Recommendations as published by the Australian Stock Exchange Corporate Governance Council. These are set out below under the following principles:

- Lay solid foundations for management and oversee and recognize the responsibilities of Board, and management.
- Structure the Board to add value and discharge responsibilities.
- Promotion of ethical and responsible decision making.
- Safeguard integrity in financial reporting.
- Make timely and balanced disclosure.
- Respect the rights of shareholders.
- Risk management.
- Enhance performance of the Company.
- Remunerate fairly and responsibly.
- Recognise the interests of stakeholders.

CORPORATE GOVERNANCE MANUAL

Principle 1 Lay solid foundations for management and oversee and recognize the responsibilities of Board, and management.

Formalise functions of the Board and activities delegated to management.

Formalise Directors appointments.

The role of the Board is to provide leadership and supervise the affairs of the Company and is responsible for supervising the framework of the Company's accountability and control, ensuring there is a safe working environment, ensuring the Company is managed effectively, appointing and appraising and removing the management services company, ratifying the appointment and or removal of the chief financial officer and or Company Secretary, review and approval of management's corporate strategy and objectives, review and monitoring risk management and systems of internal compliance and control, legal compliance and codes of conduct, assessing performance strategy and ensuring that sufficient resources are available, approving and monitoring major capital expenditure, acquisitions and disposals, approve annual budget and monitor financial performance, continually appraise corporate governance of the Company and maintain contact with auditors, ensuring compliance of all legal, environment, native title, and the Board is to meet with such frequency as required as to responsibly conduct its business.

It was agreed that as a guide, the measure of materiality be 10% of balance sheet net assets, and/or 10% of the results of the current years operating profit or loss. Other measures of materiality include any events outside the normal business of the Company, damaging the reputation of the Company, legislative breaches, events affecting the assets of the Company, any event slurring the reputation of the Company, and recognizing a contingent liability triggering the 10% asset/earnings measure quoted above.

Material contracts are gauged as those which are outside the ordinary course of business, contain onerous provisions, trigger a 10% effect on the company's results, or if there is a possibility of default that would trigger the 10% change, ongoing contracts which are essential to the operation of the Company and any replacement of that contract which would have a 10% effect on Company, contracts which change control, or are between related parties.

The Chairman is responsible for good stewardship and leadership of the Board, conduct of Board activities and ensuring all Directors are made aware of all matters arising at meetings, is responsible for communications to shareholders, and for Board performance evaluation.

Where the Chairman is not an independent Director, a lead independent director will be appointed to take over the Chairman's role when the Chairman is unable to act, as a result of his lack of independence. All directors are to be responsible for contributing to strategy and reviewing executive performance.

The Company does not have a chief executive officer or a managing director. The executive role is conducted by an executive director and the company

secretary, and management services are provided to the company by a management services entity, whose role is to support the executive in accordance with the delegated authority of the Board, and to report all matters of a material nature, to the Executive.

Directors must act honestly, avoid conflicts of interest, act in good faith, show reasonable diligence and care, exercise their powers, retain discretionary powers and act for a proper purpose.

At the time of becoming a Director, that person will provide to the Company, details of all company securities registered in the name of the director, plus details of all company securities not in the Directors name, but in which the Director has a relevant interest, and details of all contracts in which the Director is entitled to benefit that confer a right to call for a delivery of securities, or any other benefit.. The Director will provide to the company, on an ongoing basis, details of any changes in the holdings of any securities, mentioned above. All these disclosures are to be no later than 3 business days after the date of change. On the person ceasing to be a Director, to advise the Company of securities holdings, and the Director authorizes the company to provide the ASX with the securities information through that period.

Directors and employees are prohibited from trading in the company's shares if they are in possession of "insider information". Trading can occur at all other times, and is not limited to specific windows, following publication of any results of the company's activities. Directors of the Company are obliged to advise the Company Secretary of their intent to trade.


Principle 2 Structure of the Board

To be of a size, commitment and ability to discharge its duties and responsibilities with a majority of the Board being independent Directors.

The independent director to be a non-executive director, not be a substantial shareholder or be an officer of the Company, and within the preceding three years to not have been employed in an executive role, professional advisor, a material supplier or customer, or had a material contractual relationship, - with the Company. The independent Director should not have served on the Board for an extensive period, such that the long service could impede his ability to act in the best interests of shareholders and the Director should be free from other interests or activities which would interfere with his duties.

Each director has the right to seek independent professional advice on matters relating to his position as a director of the company at the company's expense, subject to prior approval of the chairman, such approval shall not be unreasonably withheld.

The chairman should be an independent director and the roles of chairman and chief executive officer, should not be combined as one of the aims of the chairman is to promote a trusting relationship between executive and non-executive members of the board, and the role of the CEO is to run the business under delegated authority of the board.



The board shall comprise directors with a range of expertise encompassing the current and proposed activities of the company and where a vacancy exists the board selects an appropriate person from candidates put forward by the nomination committee. Such appointments are referred to shareholders at the next available opportunity for re-election in general meeting.

Reporting requirements

In the annual report describe experience and expertise relevant to the position of each director and whether a director is considered independent and the company's materiality thresholds, period in office of each director, names of members of nomination committee and attendance at meetings, explanations of any departures from best practice recommendations.

Nomination committee

The full board encompasses the role of nomination committee with its role being to determine the state of director nominees for election to the board and to recommend suitable candidates to fill casual vacancies. The committee to meet a minimum of twice per year with findings documented. Responsibilities include assessing competencies of board members, inducting new members, providing access to ongoing information relevant to their directorship, provision of a succession plan for both chairman and CEO roles, evaluate the performance of the CEO and continually evaluate the role of the board, annually review composition of each committee and review emoluments paid to non-employee directors.

Principal 3 Ethical Standards

A code of conduct is established to guide all directors, officers and employees to establish confidence in the integrity of the company and with any unethical practices to be reported to the chairman.

Executives are to establish high standards of ethics as they conduct the affairs of the company, to disclose any conflicts of interest which could impinge on the reputation of the company, to treat as confidential all sensitive information acquired during the course of business of the Company and to not make use of, or disclose, any of that information. To treat all suppliers and clients with integrity, honesty and fairness, to protect and maintain the company's assets so that all business opportunities are available to the company and that no company assets or information is used for personal gain, and that any breach of the code is reported to the chairman.

Directors and employees are prohibited from trading on the company's shares if they are in possession of "inside information", otherwise, trading can occur at any time and is not limited to specified windows, after publication company reports. Directors are obliged to advise the Company Secretary of their intention to trade, and must also have been advised by the Company Secretary that there is known reason for them not being able to trade company securities.

Principle 4 Financial Reporting

The chief financial officer to sign off to the board, each reporting period that, to the best of their knowledge and belief, that the company's financial reports represent true and fair view of the company's financial condition, and operational results, and are in accordance with applicable accounting standards.

The board recognizes the requirement for an audit committee of at least three members to be comprised only of non-executive directors with a majority of them being independent directors and that the chairperson be an independent director and that the audit committee should have a formal charter, however, due to the small size of the board, it was decided that no efficiencies would be achieved by establishing a separate audit committee, notwithstanding, the directors adopted the following charter philosophy of at least one member to have relevant financial experience to be able to monitor the integrity of the financial statements, review the internal control financial system and function, to be able to recommend to the board the appointment of an external auditor and the terms of engagement, rotation of the external auditor, the external auditors independence and ability to supply non-audit services, and review performance annually.


The committee to meet at least twice yearly or as required and to minute all meetings with resources to be provided by the company, and for the directors report to describe the role of this committee and for its chairman to attend annual general meetings.

Principle 5 Make timely and balanced disclosure

Compliance procedures

The Company has appointed a person as a Responsible Officer to ensure the Company complies with its continuous disclosure obligations. This officer has control of the Compliance Procedure and maintains current editions of the Corporations Act and the ASX Listing Rules. The Responsible Officer is entitled to request and receive any information relevant to fulfilling the compliance responsibilities. In the absence of the Responsible Officer, an alternate officer has been appointed.

The Company, through the Responsible Officer, ensures that once it becomes aware of any information, that may have a material effect on the value or price of the Company securities, the Company will immediately advise the Australian Stock Exchange. However, it is acknowledged that the Company is not required to disclose information to the ASX if a reasonable person would not expect the information to be disclosed, or the information is of a confidential nature, or it would be a breach of the law to disclose it, or the information relates to an incomplete proposal, or is generated only for internal management consumption.



The Company has established procedures to comply with continuous disclosure obligations to prevent, identify and respond to any breaches of Listing Rule 3.1 and section 674 of the Corporations Act, and encourage a culture of compliance within the Company, by identifying specific obligations of the Company and in the event of a breach, the Responsible Officer is to be notified immediately any person becomes aware of such breach, and the breach be immediately remedied.

Areas of risk for which specific compliance procedures must be in place and, which may produce Disclosure Material include, a change in the Company's financial expectations, an alert to the appointment of a receiver or administrator in relation to any loan, trade credit or debt, or borrowings or securities, a transaction, (or an agreement for a transaction), with a value in excess of 5% of the consolidated assets of the Company, a change of control of the Company, dividend declaration, share issue shortfalls, or oversubscriptions, mergers or acquisitions, any agreement between the Company, and a Director, or an associated party.

The Company recognizes that ASX Listing Rules require specific disclosures for takeovers, share buy-backs, capital reorganizations, calls on partly paid shares, issues and or proposed issues of securities, the exercise by an underwriter of a right to avoid or change underwriting obligations, notice of shareholders meetings, results of shareholders meetings, any changes of Directors, CEOs or company secretary.

The Company shall monitor the movements in the share price to note any unusual fluctuations which may indicate a leakage of Disclosure Material and the Company shall have procedures in place to request a trading halt from the ASX, should confidential Disclosure Material not be able to be immediately released to the market.

Principle 6 Respect rights of shareholders


The Directors to ensure that shareholders are informed of all major developments affecting the company's state of affairs, and ensure that the external auditor attend each Annual General Meeting, and ensure that a company website is maintained.

Principle 7 Risk Management

The members of the board are responsible for overall risk management and internal controls, while day to day responsibilities are with the Executive, who advises on these matters using the exceptions reporting basis.

Financial operation of the company is not complex, relying on the raising of equity funds which are then applied on mineral exploration. This is reported to the board on a quarterly basis. All major project expenditure must first have board approval. Computer systems are regularly backed-up.

Mineral operational activity is dealt with on a project by project basis and external consultants are engaged as required. Safety is an agenda item. Mineral tenement management is maintained by a contractor.



The organizational risks facing the company are; mineral exploration and Development, fluctuating commodity prices and currency exchange rates.

Principle 8 Enhance Performance of the Company

The Company to establish a process for performance evaluation of the Board, its committees and individual directors by way of an informal review conducted by the Chairman through the medium of the nomination committee and the code of conduct provisions.

Principle 9 Remunerate fairly & responsibly

Ensure that remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is clear. Comparison is made by comparing fees paid to directors of other companies, of a similar size, within the exploration industry, and fees are then set at a level to attract qualified people to accept the responsibility of directorship in the interest of the long term interests of shareholders.

While it is recognized that corporate governance sentiment is that a remuneration committee should be established. A separate remuneration committee is **not** established as the Board considers that because of its small size, all members should be involved in determining remuneration levels. Time is set aside at two board meetings per year to address matters usually considered by a Remuneration Committee, including approving salary and other compensation packages for senior executives and any long term incentive plans and review personnel appointments and practices.

Principle 10 Recognise the interests of stakeholders

The board will establish a code of conduct to guide compliance with legal and other obligations. The board will endeavour to increase shareholder value within appropriate safeguards and to maintain the rights and interests of shareholders. The company will comply with occupational health and safety requirements, environmental, native title and cultural heritage. The company will employ the best available skills and respect the rights of individuals regarding privacy and private and confidential information. Board and employees are to avoid any real, or apparent, conflict of interest.