GBM 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 that has been posted on a dedicated corporate governance information section of the Company's website at www.gbmr.com.au .

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	***Lay solid foundations for management and oversight***	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	The Board delegates the day to day responsibilities to its managing director. The Board's role is to oversee this function.
2.	***Structure the board to add value***	
2.1	A majority of the board should be independent directors.	The Board has 3 directors including the Managing Director one of which is independent.
2.2	The chairperson should be an independent director.	The Chairman is not independent through his relationship with the Corporate Advisor however the Board considers that Mr May's position as Chairman is appropriate given his experience in business.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The Company complies with this recommendation.
2.4	The board should establish a nomination committee.	As a Board of three it was considered to be too small to have a separate nomination committee.

2.5	Provide the information indicated in *Guide to Reporting on Principle 2.*	This information has been disclosed in the Prospectus and the Company will provide an explanation of any departure from the principles in its future annual reports.
3.	***Promote ethical and responsible decision-making***	
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 Board does not consider that the small size of the board and management warrants a separate code of conduct. The Board and Management understand the obligations for ethical and responsible decision making.
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	Directors, officers and employees are aware of the restrictions in trading in the company securities. While no formal policy has been adopted, there is an understanding of the relevant issues.
3.3	Provide the information indicated in *Guide to Reporting on Principle 3.*	This information has been disclosed in the Prospectus and the Company will provide an explanation of any departure from the principles in its future annual reports.
4.	***Safeguard integrity in financial reporting***	
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.	This recommendation has been adopted and will be followed on an annual basis.
4.2	The board should establish an audit committee.	This recommendation has been adopted. The Company has a formal audit

		committee.
4.3	Structure the audit committee so that it consists of: (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 Committee only consists of one independent director. The Board considers this appropriate considering the status of the Company and the relatively straight forward accounts of the Company anticipated in its first financial year.
4.4	The audit committee should have a formal charter.	This recommendation has been adopted.
4.5	Provide the information indicated in *Guide to Reporting on Principle 4.*	This information has been disclosed in the Prospectus and the Company will provide an explanation of any departure from the principles in its future annual reports.
5.	***Make timely and balanced disclosure***	
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.	Compliance and disclosure are managed by an experience Company Secretary.
5.2	Provide the information indicated in *Guide to Reporting on Principle 5.*	This information has been disclosed in the Prospectus and the Company will provide an explanation of any departure from the principles in its future annual reports.
6.	***Respect the rights of shareholders***	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Given the size of the company GBM will use third party Investor Relations firms to ensure appropriate and frequent communication with shareholders.

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 recommendation has been adopted.
7.	***Recognise and manage risk***	
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	The Board will be responsible for policies on risk management.
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: (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 (b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	This recommendation has been adopted.
7.3	Provide the information indicated in *Guide to Reporting on Principle 7*.	This information has been disclosed in the Prospectus and the Company will provide an explanation of any departure from the principles in its future annual reports.
8.	***Encourage enhanced performance***	
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	Annual performance reviews will be undertaken for individual board members and the board as a whole.

9.	***Remunerate fairly and responsibly***	
9.1	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.	Details of Directors remuneration were provided in the Prospectus and will be included in Annual Reports as required.
9.2	The board should establish a remuneration committee.	The Board does not consider that the size of the Company justifies a separate remuneration committee.
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Details of Directors remuneration were provided in the Prospectus and will be included in Annual Reports as required.
9.4	Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Yes, where executive remuneration requires shareholder approval the company put forward such resolution to shareholders.
9.5	Provide the information indicated in *Guide to Reporting on Principle* 9.	This information has been disclosed in the Prospectus and the Company will provide an explanation of any departure from the principles in its future annual reports.
10.	***Recognise the legitimate interests of stakeholders***	**Adopted**