

CORPORATE GOVERNANCE STATEMENT OF KRUCIBLE METALS LIMITED

ACN 118 788 846

The Board of Directors (**Board**) of Krucible Metals Limited ACN 118 788 846 (**Krucible** or **Company**) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company's Corporate Governance Charter is structured with reference to the ASX Corporate Governance Council's (**the Council**) "Principles of Good Corporate Governance and Best Practice Recommendations" (**Best Practice Recommendations**). The Company advises that the Company's practices are largely consistent with those ASX guidelines.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all practices are appropriate for the Company due to the size and scale of Company operations.

The Board is of the view that with the exception of the departures to the Council's Best Practice Recommendations as are set out below it otherwise complies with all of the Council's Best Practice Recommendations.

2. Structure the Board to add value

2.1 A majority of the board should be independent directors.

Best Practice Recommendation 2.1 requires a majority of the board to be independent directors. The Council defines independence as being free from any business or other relationship that could materially interfere with - or could reasonably be perceived to interfere with- the exercise of a director's unfettered and independent judgement.

The following is summary of the non-independent directors a

Name	Position	Reason for non-compliance
Anthony Alston	Executive Director	Mr Alston is an Executive Director and provides executive services to the Company.
Dennis Lovell	Non-Executive Director	Mr Lovell is a director of Lovell and Co Pty Ltd, which provides consultancy services to the Company.

Mr Marcus Harris, a Non-Executive Director holds some 2,050,000 shares in the Company both in his personal capacity and through his entity Cryptodome Pty Ltd. Despite his substantial shareholding, the Board considers that Mr Harris, an experienced public company director, ought

to be considered an independent director as based on historical experience, he would be expected at all times to exercise an independent judgment .

Explanation for Departure

The existing structure is considered appropriate given the small scale of the Company's enterprise and the associated economic restrictions this places on the Company. The existing structure is aimed at maximising the financial position of the Company by keeping its operating costs to a minimum.

The Board believes that although the Board is not considered independent with regard to the Council's definition of independence, all directors are able to act and will continue to act in the best interests of the Company as a whole at all times.

The Board may consider appointing further independent directors in the future but does not currently consider its non-compliance with this recommendation to be detrimental to the Company given its current size and scale of operations.

2.2 Provide information indicated in *Guide to Reporting on Principle 2.*

The skills, experience and expertise relevant to the position of director held by each director of the Company is included in the Prospectus of the Company dated 14 September 2007. The Company will provide this information as well as information regarding any non-compliance with Best Practice Recommendations 2.1, 2.2, 2.3, 2.4 or 2.5 in its future annual reports. Also, in the corporate governance section of its future annual reports the Board will provide the following material;

- The names of directors considered by the Board to constitute independent directors and the Company's materiality thresholds; and
- A statement as to whether there is a procedure agreed by the Board for directors to take independent professional advice at the expense of the Company; and
- The term of office held by each director at the date of the annual report.

The following material will be made publicly available;

- A description of the procedure for the selection and appointment of new directors to the Board.

The Corporate Governance Charter will be posted on the Company's website.

3. Promote ethical and responsible decision-making.

3.3 Provide the information indicated in *Guide to Reporting on Principle .3*

The Company will explain any departure from Best Practice Recommendations 3.1, 3.2 or 3.3 (if any) in its future Annual Reports.

The Corporate Governance Charter will be posted on the Company's website.

4. Safeguard Integrity in financial reporting.

4.1 Require the CEO (or equivalent) and the CFO (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.

The CEO and CFO will provide the Board with this statement at the relevant time.

4.2 and 4.3 The audit committee should be structured so that it:

- * consists only of non-executive directors;**
- * consists of a majority of independent directors;**
- * is chaired by an independent chair, who is not chair of the board;**
- * has at least three members.**

(a) Notification of Departure

A separate audit and risk management committee has been formed comprising only of Messrs Lovell and Harris.

(b) Explanation for Departure

The Board of the Company consists of three members – Messrs Alston, Lovell and Harris. All non-executive directors are members of the Audit and Risk Management Committee. Anthony Alston, the Chief Executive Officer of the Company, is not a member of this Committee.

4.5 Provide the information indicated in *Guide to Reporting on Principle 4*.

The Company will provide details of the members of the audit Committee, the number of meetings of the audit Committee and the names of the attendees in its future annual reports.

The Company will provide an explanation of any departures from Best Practice Recommendations 4.1, 4.2, 4.3, 4.4 and 4.5 in its future Annual Reports.

The Corporate Governance Charter will be posted on the Company's website.

5. Make timely and balanced disclosure

5.2 Provide the information indicated in *Guide to reporting on Principle 5*.

The Company has defined, under its Corporate Ethics Policy, an internal protocol for the reporting of material information to Shareholders and ASX.

The Company will provide an explanation of any departures from Best Practice Recommendations 5.1 or 5.2 (if any) in its future Annual Reports.

The Corporate Governance Charter will be posted on the Company's website.

6. Respect the rights of shareholders

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Company will make regular ASX announcements and make such announcements available on the Company's website so that all shareholders and stakeholders of the Company have equal and timely access to material information regarding the operations and results of the Company.

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 auditors report.

The Board will request the external auditor to attend all future annual general meetings of the Company.