

SUNBIRD ENERGY LTD
ACN 150 956 773
(Company)

Corporate Governance Statement

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations (Principles and Recommendations). The Principles and Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which it has followed the Principles and Recommendations.

The Board of the Company currently has in place a Corporate Governance Plan, which will be posted on the Company's website at www.sunbirdenergy.com.au.

PRINCIPLES AND RECOMMENDATIONS		COMPLY (YES/NO)	EXPLANATION
1.	Lay Solid Foundations for Management and Oversight		
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	YES	The Company's Corporate Governance Plan will be posted on its website and specifies the responsibilities of the Board.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	NO	<p>The Company has not established a process for evaluating the performance of the Board</p> <p>The Board is responsible for the strategic direction of Sunbird, establishing goals for senior executives and monitoring the achievement of these goals, monitoring the overall corporate governance of Sunbird and ensuring that shareholder value is increased. Due to the size of Sunbird and the stage of the Company's development, the Board does not consider it is appropriate at this stage to establish formal processes for evaluating the performance of senior executives.</p>

PRINCIPLES AND RECOMMENDATIONS		COMPLY (YES/NO)	EXPLANATION
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.		<p>The Company will include an explanation of any departure from Recommendations 1.1 and 1.2 (if any) in its future Corporate Governance Statements in the annual reports.</p> <p>The Company has adopted a formal Board charter which specifies the responsibilities of the Board, this forms part of the Corporate Governance Plan and will be available on the Company's website.</p>
2	Structure of the Board to add Value.		
2.1	A majority of the Board should be independent directors.	NO	<p>Currently the Board has only one independent Non Executive Director, Mr Marcus Gracey.</p> <p>It is the Boards aim, where practical, that the majority of the Board is comprised of non-executive Directors and that at least 50% of the Board will be independent. An independent Director is one who is independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with, the exercise of independent judgement. Independent Directors should meet the definition of what constitutes independence as set out in the ASX Corporate Governance Council's <i>Corporate Governance Principles and Recommendations</i>.</p>
2.2	The Chair should be an independent Director	NO	The Chairman of the Board is not currently independent. The Board is of the opinion that the Chairman's role as Chairman of the Board is appropriate given his experience and knowledge of the business.
2.3	The Roles of the Chair and the chief executive officer should not be exercised by the same individual	YES	Mr Kerwin Rana is the Chairman and Mr Will Barker is the Managing Director (equivalent CEO) of the Company.

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2.4	The Board should establish a Nomination Committee	NO	<p>The Board has not established Nomination or Audit committees.</p> <p>The Board considers that Sunbird is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The Board as a whole is able to address the governance aspects of the full scope of Sunbird's activities and ensure that it adheres to appropriate ethical standards.</p> <p>In particular, the Board as a whole considers those matters that would usually be the responsibility of an Audit Committee and a Nominations Committee. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate Audit Committee or a separate Nomination Committee.</p>
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	NO	<p>Sunbird does not have in place a formal process for evaluation of the Board, its committees, individual Directors and key executives.</p> <p>Evaluation of the Board is carried out on a continuing and informal basis. Sunbird will put a formal process in place as and when the level of operations of Sunbird justifies this.</p>

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2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.		<p>A profile of each Director containing their skills, experience, and expertise is set out in the Company's website.</p> <p>Based on the Company's size and its early stage of development the Company has not fully complied with Principle 2 of the ASX Corporate Governance Councils Principles and Recommendations, however, where practical, it will endeavour to do so as it develops and its Board grows.</p> <p>Details of the Company's Corporate Governance Plan in connection with the procedure for the section and appointment of new directors and their re-election of incumbent directors, and the full details of the Board Charter will shortly be available on the Company's website.</p>
3	Promote ethical and responsible decision making		
3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and, • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	YES	The Company has adopted a written code of conduct which is included in the Corporate Governance Plan. This plan provides a framework for decisions and actions in relation to ethical conduct in employment.

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3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	YES	<p>The Company has adopted a Diversity Policy which includes but is not limited to gender, age, ethnicity and cultural background.</p> <p>Where practical the Company will endeavour to address the recommendations and guidance provided in the ASX Corporate Governance Councils obligations.</p>
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	NO	<p>The Company has not yet set measurable objectives for achieving diversity, however, the Board will consider setting measurable objectives if it deems that this process is beneficial to the Company for its stage of development.</p> <p>If such objectives are set by the Board, the Company will report on these in the annual report.</p>
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	YES	If such a metric is set and measured the Board will disclose how many women are employed by the Company and specify how many are in senior executive positions or on the Board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.		<p>As above the Board will include in the Annual Report each year:</p> <ol style="list-style-type: none"> 1. Measurable objectives, if any, set by the Board; 2. Progress against the objectives; and 3. The proportion of women employees in the whole organisation, at senior management levels and on the Board.

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4	Safeguard in financial reporting		
4.1	The Board should establish an Audit Committee.	NO	The Board has not established Nomination or Audit Committees.
4.2	<p>The Audit Committee should be structured so that it;</p> <ul style="list-style-type: none"> • 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; and, • has at least three members. 	NO	<p>The Board considers that Sunbird is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The Board as a whole is able to address the governance aspects of the full scope of Sunbird's activities and ensure that it adheres to appropriate ethical standards.</p> <p>In particular, the Board as a whole considers those matters that would usually be the responsibility of an Audit Committee and a Nomination Committee. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate Audit Committee or a Separate Nominations Committee.</p>
4.3	The Audit Committee should have a formal charter.	NO	The Board has not adopted a formal charter at present as no committee has been established, see above.

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4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.		<p>As described above the Company does not have formal Audit or Nominations Committees.</p> <p>In particular, the Board as a whole considers those matters that would usually be the responsibility of an Audit Committee and a Nominations Committee. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate Audit Committee or a separate Nominations Committee.</p> <p>The Company will include an explanation of any departure from Recommendation 4.1, 4.2 or 4.3 (if any) in the corporate governance statement in its future annual reports.</p>
5	Make Timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	YES	<p>The Company has adopted a continuous disclosure policy as part of its Corporate Governance Plan. The policy specifies that the Company must adhere to the ASX's listing rule 3.1, that is, once the Company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price of its securities, the Company must immediately release that information to the ASX.</p> <p>In accordance with this policy the Company Secretary has been nominated as the disclosing officer and is responsible for all communications with the ASX.</p>
5.2	Companies should provide information indicated in the Guide to reporting on Principle 5.		<p>As above.</p> <p>The Company will provide an explanation of any departures from best practise recommendation 5.1 in its annual reports.</p>

PRINCIPLES AND RECOMMENDATIONS		COMPLY (YES/NO)	EXPLANATION
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.	YES	<p>The Company has adopted a Shareholder Communications Strategy which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.</p> <p>Information is communicated to shareholders through:</p> <ul style="list-style-type: none"> • the Annual Report delivered by post and which is also placed on the Company's website; • the half yearly report which is placed on the Company's website; • the quarterly reports which are placed on the Company's website; • disclosures and announcements made to the Australian Securities Exchange (ASX) copies of which are placed on the Company's website; • notices and explanatory memoranda of Annual General Meetings (AGM) and Extraordinary General Meetings (EGM) copies of which are placed on the Company's website; • the Chairman's address and the Managing Director's address made at the AGMs and the EGMs, copies of which are placed on the Company's website; • the Company's website on which the Company posts all announcements which it makes to the ASX; and • the auditor's lead engagement partner being present at the AGM to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

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6.2	Companies should provide information indicated in the Guide to reporting on Principle 6.		The Company will provide an explanation of any departures from best practice recommendation 6.1 in its annual reports.
7	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	YES	<p>As the Company is in its early stages of development and given the current size and structure of the Board, the Board has not established a separate Audit Committee. However, once the Company is at a stage of its development that warrants a separate Audit Committee then a charter will be developed.</p> <p>The Company has adopted a policy which outlines the disclosure of risk management, review procedure and internal compliance and control.</p> <p>The Board will carry out the duties of the Audit and Risk Committee and is responsible for overseeing and approving risk management strategy and policies, internal compliance and control as set out in the Corporate Governance Plan.</p>

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7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. (Continued...)		<p>The Company's process of risk management and internal compliance and control includes:</p> <ul style="list-style-type: none"> • identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks; • formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and, • monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control. <p>Details of the Company's Corporate Governance Plan in connection with the Company's risk disclosure and management will be made available on the Company's website.</p>

PRINCIPLES AND RECOMMENDATIONS		COMPLY (YES/NO)	EXPLANATION
7.2	The Board should require management to design and implement the risk management and internal control systems to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	YES	<p>The Boards collective experience will enable accurate identification of the principle risks that may affect the Company's business in addition to those identified by the Audit and Risk Committee (once established). Key operational risks and their management will be regularly discussed at board meetings.</p> <p>The Board has adopted a policy that outlines the procedural and internal compliance and control aspects of risk management. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back quarterly to the Audit and Risk Committee (once established).</p> <p>The Board will review assessments of the effectiveness of risk management and internal compliance and control on an annual basis.</p>
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	YES	The Board will seek the assurance of the Chief Executive Officer and the Chief Financial Officer (or their equivalents) at the relevant time.
7.4	Companies should provide information indicated in the Guide to reporting on Principle 7.		The Company will provide an explanation of any departures from best practice recommendations 7.1, 7.2 and 7.3 (if any) in its annual reports.

PRINCIPLES AND RECOMMENDATIONS		COMPLY (YES/NO)	EXPLANATION
8	Remunerate fairly and responsibly		
8.1	The Board should establish a Remuneration Committee.	NO	Based on the fact that the Company is in its early stages of development, and given the current size and structure of the Board, the Board has not established a separate Remuneration Committee. The duties of the Remuneration Committee will be carried out by the Board until such time as the Board considers that a separate committee is required.
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent chair; and, • has at least three members. 	NO	The Company is not currently of a size to justify the existence of a separate Remuneration Committee. However, matters typically dealt with by such a committee are dealt with by the Board.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	YES	The Company intends to pay Mr Kerwin Rana, the Non Executive Chairman a fee of \$36,000 per annum and Mr Marcus Gracey, a Non Executive Director A\$36,000 per annum. The Company intends to pay Mr Will Barker, the Managing Director, A\$200,000 per annum and Mr Andrew Leibovitch, an Executive Director A\$200,000 per annum.
8.4	Companies should provide information indicated in the Guide to reporting on Principle 8.		As Above. The Company will provide an explanation of any departures from best practice recommendations 8.1, 8.2, and 8.3 (if any) in its annual reports.