

Corporate Governance

This statement outlines the main Corporate Governance practices in place. These Corporate Governance practices are based on the ASX's Statement of Corporate Governance Principles which establishes the framework for how the Board oversees the Company and performs its functions on behalf of shareholders. Cobar's objective is to achieve best practice in corporate governance, applicable to a Company of its size and nature.

The Role of the Board

The Board currently consists of three Directors, of which two, including the Chairman, are non executive.

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholder by:

- defining and monitoring the strategic direction of the Company;
- defining policies and procedures to ensure the Company operates within the legal, ethical and social requirements of its environment;
- establishing control and accountability systems within to conform to the legal requirements and the expectations of shareholders and other stakeholders;
- defining and monitoring the management of an effective risk assessment strategy;
- securing funds to develop the Company's assets;
- driving Company performance;
- reviewing and approving the corporate remuneration policy
- from time to time, reviewing and monitoring the management and Company performance;
- appointing and appraising the Managing Director and any other executive director;
- ensuring that there are adequate plans and procedures for succession planning;
- reviewing and approving the remuneration of the Managing Director and senior Managers; and
- reviewing and approving the Company's remuneration policy.

Composition of the Board

The Company recognises the importance of having a Board comprising of directors with an appropriate range of background, skills and experience to suit the Company's current and future strategies and requirements

The Board currently consists of three directors, Managing Director, Non Executive Chairman and Non Executive Director.

The Non Executive Director is deemed by the Company to be independent due to never having been a substantial shareholder of the Company (as defined in the Corporations Act) nor directly or indirectly deriving income from the Company, other than the income derived as a director of the Company.

Because of the limited size of the Company and its financial affairs and operations, the use of separate remuneration, nomination and audit committees of the Board of Directors is not considered generally appropriate. All matters that might properly be dealt with by such committees are currently dealt with by the full Board of Directors. Decisions of the Board are, to the extent practicable, unanimous.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company.

The Board has determined that in relation to matters of which a Director has a personal material interest, unless otherwise advised by the Board, the Director can be present while the matter is discussed but is disqualified from voting. In circumstances, where a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of advice received by the Director is made available to all other members of the Board.

Remuneration

As an overall policy, the Company will remunerate in such a way that it motivates directors and employees to pursue the long term growth and success of the Company within an appropriate framework that demonstrates a clear relationship between key executive performance and remuneration.

Managing Director's remuneration is set by the Board and may contain salary, bonuses and share options.

Non-executive directors are remunerated by way of fees in the form of cash and superannuation contribution at marketplace levels. Maximum aggregate fees and equity based payments payable for all non executive directors is set at \$250,000 per annum and require shareholder approval at a general meeting for any increase in the amount.

Disclosure of information

The Company has an objective of honest and open disclosure of information in dealing with stakeholders, subject to appropriate commercial considerations associated with competitive and sensitive information. Such disclosure may, in appropriate circumstances, exceed statutory requirements.

Share Trading Policy

Directors, employees and officers of the Company must not buy or sell securities in the Company when they are in possession of price sensitive information which is not generally available to the market.

The following periods are generally the only times, directors, employees and officers can deal in securities in the Company:

- In the second to fifteenth day upon the release of the annual results;
- In the second to fifteenth day upon the release of the half-yearly results;
- In the second to fifteenth day upon the release of the quarterly report;
- In the second to fifteenth day upon the release of a material announcement by the Company;
- In the fifteen trading days after the Annual General Meeting

Even at these times, there may be occasions when it is not proper for directors or employees to deal in company securities because of their knowledge of impending or actual developments which are not known in the market place.