

Corporate Governance Statement

Introduction

The Board supports the principles set out in the Combined Code 2008 on Corporate Governance (“the Code”) and intends to comply with the Code wherever possible, given both the size and resources available to the Group.

Details of the Group’s compliance are provided below:

The Board

The Board is responsible for providing strategic direction for the Company and guiding management in the execution of this strategy for the benefit of shareholders.

Composition of the Board is three Executive Directors, David Hall, Dr. Bob Foster and Perry Ashwood, and two Non-Executive Directors, Christopher Hall and Peter Addison, which the Board believes provides an appropriate mix to conduct the Company’s affairs.

The Board meets regularly during the year. Seven full meetings were held in 2009 in addition to one telephone meeting. Financial and operational performance of the Group is monitored on a monthly basis and results are reviewed against budgets and operational plans.

The Audit Committee

The role of the Audit Committee is to provide a formal review of the effectiveness of the internal control systems; the Groups financial reports and results announcements, and the external audit process.

During the year the Audit Committee comprised Christopher Hall (Chairman), Perry Ashwood and Peter Addison. The external auditors attended by invitation. Two meetings of the Audit Committee have been held during 2009.

The Remuneration Committee

The role of the Remuneration Committee is to provide a formal and transparent review of the remuneration of the executive directors and senior employees and to make recommendations to the Board on individual remuneration packages.

During the year the Remuneration Committee comprised Christopher Hall (Chairman), and Peter Addison. No Director took part in discussions concerning the determination of his own remuneration. Two meetings of the Remuneration Committee have been held during 2009.

Internal Control and Risk Management

The Board is responsible for the Group’s system of internal control and for monitoring and reviewing its effectiveness. These systems are designed to manage and minimise the risk of failure rather than eliminate such risks and can only provide reasonable, and not absolute, assurance against material financial misstatement or loss. The Audit Committee reviews the effectiveness of these systems on behalf of the Board and reports its findings back to the Board.

The Board encourages a culture of integrity and openness and has established an organisation structure with clear lines of

accountability and authority across its operations. The Group does not currently have an internal control function due to the small size of the administration function.

Comprehensive annual budgets are produced once a year and submitted to the Board for approval. Reviews of the annual budget are regularly undertaken in line with significant changes in the underlying operations and conditions. Such revisions are put forward to the Board for approval. Actual results and forecasts are compared to budget and reported, along with key operational results, to the Board members on a monthly basis.

The Board screens all potential exploration site prospects before any significant financial commitment is made to proceed.

The Group maintains appropriate insurance cover in respect of legal actions against the Directors as well as against material loss or claims against the Group.

Shareholder Relations

The Directors are committed to maintaining good relations with the Company’s shareholders and have a formal policy whereby disclosure of information that could have a material impact on the Company’s share price is released to the market as soon as possible. This information is also made available on the Company’s website and is delivered to all persons who have requested to be added to the distribution list.

Corporate and Social Responsibility

All Directors, management and staff are expected to consistently apply the highest ethical standards to their conduct to ensure that the Company’s affairs and reputation are at all times maintained at the uppermost level.

The health and safety of our employees is our first priority.

We have well established policies on health and safety and these are set out in the Company’s Health and Safety Booklet, which is made available to all employees on joining the Group. Our philosophy is that safety must be considered in every task performed and every decision made. We are committed to the development of our employees and we aim to provide an environment which will attract, retain and motivate people, to ensure they can maximise their potential and share in the Group’s successes.

The Directors recognise the importance of building good relations with local communities situated close to the Group’s operations and readily contributes, where appropriate, to the development of the local infrastructure and community needs. The Employees Handbook sets out the boundaries of acceptable business practise and the manner in which the activities of the Group are to be conducted.

We are totally committed to minimising any adverse impact of our activities on the natural environment and, as a minimum standard, to comply with any relevant legislation within the territories in which we operate. The Group adheres totally to all local environmental regulations.