



washington

WASHINGTON RESOURCES LIMITED

A.C.N. 097 532 137

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of Directors (“Board”) of Washington Resources Limited (“Washington” or the “Company”) is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Washington. The Board supports a system of corporate governance to ensure that the management of Washington is conducted to maximize shareholder wealth in a proper and ethical manner. This statement has been placed on the Company’s website (www.washingtonresources.com.au).

ASX Corporate Governance Council Recommendations

On 31 March 2003, the ASX Corporate Governance Council released its Principles of Good Corporate Governance and Best Practice Recommendations (“ASX Principles”).

ASX Principles 2.2 and 2.3 require the board to include a majority of non-executive independent directors, a non-executive independent Chairman and to have different persons filling the roles of Chairman and Chief Executive Officer. The Company does not currently meet these criteria, as the roles of Chairman and Managing Director are held by the one person. Whilst this remains the case, the Board must monitor the situation and, if the criteria are not met by the end of a financial year, publish its reasons in the Directors’ Report to shareholders for not meeting them.

ASX Principle 2.4 requires listed entities to establish a nomination committee. The Company does not have a separately established nomination committee. Given the current size of the Board, the Board considers that this function is efficiently achieved with full Board support, in accordance with the guidelines set out in the Board’s charter.

ASX Principles 3.1 and 3.2 require the Company to make available a summary of the Company’s Code of Conduct and its Trading Policy and suggest that these should be posted on the Company’s website. These policies have been posted on the Company’s website.

ASX Principle 4.1 and 7.2 requires the chief executive officer (or equivalent) and 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 and founded on a sound system of risk management, internal compliance and control systems. The Board currently receives financial information and reports from the Chairman and Managing Director and personnel responsible for the preparation of financial reports and as such is satisfied that its accounts will reflect the matters required under ASX Principle 4.1.

Pursuant to ASX Principle 5.2, the Company has made available publicly a copy of the Company’s Continuous Disclosure Policy on the Company’s website.

ASX Principle 6.1 requires that the Company also makes available publicly a copy of its communications strategy. A copy of the Company’s Communications with Shareholders Policy has been placed on the Company’s website.

ASX Principle 7.3 requires the Company publicly to disclose a description of the Company’s risk management policy and internal compliance and control system. These disclosures are contained in a Risk Management policy, which is available to be viewed on the Company’s website.

ASX Principle 9.2 states that the Board should establish a remuneration committee. The

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Company does not have a separately established remuneration committee. Given the current size of the Board, the Board considers that this function is efficiently achieved with full Board support, in accordance with the guidelines set out in the Board's charter. The Board has approved a Remuneration Policy, which has been posted on the Company's website.

ASX Principle 10.1 requires the Company publicly to disclose its code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. The Code of Conduct has been placed on the Company's website.

In relation to the above, the Company believes it has implemented suitable practices and procedures in respect of Corporate Governance considering the size of the Board and the size and maturity of the Company. The Board wishes to acknowledge that nothing has come to its attention which would lead the Board to conclude that its current practices and procedures are not appropriate for an organization of this size and maturity.

Audit Process

As part of the Company's commitment to safeguarding integrity in financial reporting, Washington's accounts are subject to annual audit by an independent, professional auditor, who also reviews the half-yearly accounts.

The Auditor attends and is available to answer questions at, the Company's annual general meetings.

Auditor Independence

The Company has implemented procedures to monitor the independence and competence of the Company's external auditors. Details of the amounts paid for both work and non-audit services are set out in each annual report.

The Board requires that adequate handovers occur in the year prior to rotation of an audit partner to ensure an efficient and effective audit under the new partner.

Board Charter

The Board has a Charter, which clearly establishes the relationship between the Board and management and describes their functions and responsibilities. The Board Charter has been placed on Washington's website.

Audit and Compliance Committee

The Board has an Audit and Compliance Committee. Its charter has been placed on Washington's website.

Share Trading Policy

Washington has established a share trading policy, which has been placed on the Company's website.

Continuous Disclosure

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Stock Exchange, prevention of selective or

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inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications. The policy is reviewed periodically and updated as required.

The Company Secretary has responsibility for overseeing and coordinating disclosure of information to the Australian Stock Exchange. The Company Secretary also liaises with the Chairman and Managing Director in relation to continuous disclosure matters. The Managing Director is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders.

The Company's continuous disclosure policy may be viewed on the Company's website.

Ethical Standards

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Company's Code of Conduct has been placed on its website.

Communications with Shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting Washington. Information is communicated to shareholders through the distribution of annual reports; and presentation to shareholders at the Annual General Meeting, which they are encouraged to attend. The Company's Communications Policy has been placed on the website.

In addition, all reports, including quarterly reports and releases made by Washington throughout the year with respect to its activities are distributed widely via the Australian Stock Exchange and are posted on the Company's website.