

COVENTRY RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

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

The Board of the Company currently has in place a corporate governance policy and are in the process of adopting a more comprehensive Corporate Governance Plan.

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	<p>The Company's proposed Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director and Company Secretary.</p> <p>The Corporate Governance Plan will, in the near future, be posted on the Company's website.</p>
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	<p>An evaluation of sole senior executives of the Company did not take place in the financial year ended 30 June 2009. The Board will ensure that an evaluation of senior executives by the remainder of the Board will take place in future years.</p> <p>The Board Charter is set out in the Corporate Governance Plan which is publicly available on the Company's website. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the managing director and executive directors.</p>
2.	<i>Structure the board to add value</i>	

	BEST PRACTICE RECOMMENDATION	COMMENT
2.1	A majority of the board should be independent directors.	A majority of the directors are not currently independent. The Company intends to seek out and appoint independent directors in the future, however, due to the current limited size of the Company's operations it may not be appropriate to appoint a majority of independent directors for some time.
2.2	The chairperson should be an independent director.	The chairperson (Michael Haynes) is not an independent director, but only by virtue of holding shares in the Company. As indicated above, the Company intends to identify and appoint independent directors (including an independent Chairman) in due course.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The Company has not appointed a CEO as yet. This is anticipated to occur in the near future. The roles of chairperson and chief executive officer will be exercised by different people.
2.4	The board should establish a nomination committee.	The Board, as a whole, serves as a nomination committee. Where necessary, the nomination committee seeks advice of external advisers in connection with the suitability of applicants for Board membership.
2.5	Provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	The Company will provide details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its future annual reports. The Corporate Governance Plan will, in the near future, be posted on the Company's website.
3.	<i>Promote ethical and responsible decision-making</i>	
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: (a) the practices necessary to maintain confidence in the company's integrity; and	The Company's proposed Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. The Corporate Governance Plan will, in the near future, be posted on the Company's website.

	BEST PRACTICE RECOMMENDATION	COMMENT
	(b) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	The Company's current corporate governance policy includes guidelines for buying and selling securities in the Company. The Corporate Governance Plan, which deals more comprehensively with trading in Company securities, will in the near future be posted on the Company's website.
3.3	Provide the information indicated in <i>Guide to Reporting on Principle 3</i> .	The Company will explain any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 in its future annual reports. The Corporate Governance Plan will, in the near future, be posted on the Company's website.
4.	<i>Safeguard integrity in financial reporting</i>	
4.1	Require the chief executive officer (or equivalent) and the 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.	The Board will consider whether it is appropriate to require the Chief Executive Officer and Chief Financial Officer (or their equivalents) to make such a statement at the relevant time. The Company does not currently have a Chief Financial Officer.
4.2	The board should establish an audit committee.	The Board has an audit committee.
4.3	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and	The audit committee currently comprises the 3 existing directors. They are all non-executive directors (but not necessarily independent due to holding shares in the Company). The independent chairperson of the committee will not be the chairman of the Board.

	BEST PRACTICE RECOMMENDATION	COMMENT
	(d) at least three members.	
4.4	The audit committee should have a formal charter.	The Company's proposed Corporate Governance Plan includes a formal charter for the audit committee.
4.5	Provide the information indicated in <i>Guide to Reporting on Principle 4</i> .	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, together with an explanation of any departures from best practice recommendations 4.1, 4.2, 4.3, 4.4 and 4.5 (if any) in its future annual reports. The Corporate Governance Plan, including the audit committee charter, will, in the near future, be posted on the Company's website.
5.	<i>Make timely and balanced disclosure</i>	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Company has a continuous disclosure program in place designed to ensure the factual presentation of the Company's financial position.
5.2	Provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The Company will provide an explanation of any departures from best practice recommendations 5.1 and 5.2 (if any) in its future annual reports. The Corporate Governance Plan, including a more comprehensive continuous disclosure policy, will, in the near future, be posted on the Company's website.
6.	<i>Respect the rights of shareholders</i>	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	The Company's proposed Corporate Governance Plan includes a shareholder communications strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
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 auditor's	The Board will request the external auditor to attend all future annual general meetings of the Company to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

	BEST PRACTICE RECOMMENDATION	COMMENT
	report.	
7.	<i>Recognise and manage risk</i>	
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	<p>The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Board anticipates that it will delegate to the audit committee responsibility for implementing the risk management system.</p>
7.2	<p>The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:</p> <p>(a) the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and</p> <p>(b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</p>	The Board will consider whether it is appropriate to require the Chief Executive Officer and Chief Financial Officer (or their equivalents) to provide such a statement at the relevant time.
7.3	Provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	<p>The Company will provide an explanation of any departures from best practice recommendations 7.1, 7.2 and 7.3 (if any) in its future annual reports.</p> <p>The Corporate Governance Plan, including the charter of the audit committee will, in the near future, be posted on the Company's website.</p>
8.	<i>Encourage enhanced performance</i>	
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and	The Board has not developed a formal process for performance evaluation at this time. The performance of all executives will be reviewed at least annually.

	BEST PRACTICE RECOMMENDATION	COMMENT
	key executives.	
9.	<i>Remunerate fairly and responsibly</i>	
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	<p>The Company has not developed such formal remuneration policies at this time.</p> <p>Given the current size of the Company, Board and level of activity of the Company, the Board does not currently have a formal process for the evaluation of individual Directors and would consider the implementation of one at this particular point as impractical. The Directors do consider, on an ongoing basis, the overall performance of the Board in context of the performance of the Company against its stated objectives and the trading price of its shares on the ASX on a regular basis.</p>
9.2	The board should establish a remuneration committee.	The Board has not established a Remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the full Board considers in detail all of the matters for which the directors are responsible. Remuneration to the Directors is by way of Directors Fees only, with the level of such fees, having been set by the Board to an amount it considers to be commensurate for a company of its size and level of activity. There is currently no link between performance and remuneration. Further there are no schemes for retirement benefits in existence.
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	<p>Non-executive directors are paid a set fee of \$36,000 per annum. The Chairman is paid a fee of \$36,000 per annum. Non-executive directors do not receive performance based bonuses and do not participate in equity schemes of the Company nor are they entitled to retirement allowances.</p> <p>The Board is responsible for determining the remuneration of the Chief Executive Officer and senior executives.</p>
9.4	Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	The Company has no intentions in relation to payment of additional equity based executive remuneration for directors at this time.
9.5	Provide the information indicated in <i>Guide to Reporting on Principle 9</i> .	The Board will consider what information to include in the corporate governance section of the Company's annual report in respect of remuneration policies at the relevant time.

	BEST PRACTICE RECOMMENDATION	COMMENT
		<p>The Company does not currently have in existence any schemes for retirement benefits.</p> <p>The Company will explain any departures from best practice recommendations 9.1, 9.2, 9.3 and 9.4 in its future annual reports.</p>