



COAL FE RESOURCES LIMITED

2 April 2007

The Manager
Company Announcements Office
Australian Stock Exchange

By Electronic Lodgement

Dear Sir

CORPORATE GOVERNANCE STATEMENT

Please find attached a statement disclosing the extent to which the Company has adopted ASX's best practice guidelines in relation to Corporate Governance

Yours faithfully

Ian Macpherson
Company Secretary

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CORPORATE GOVERNANCE STATEMENT

Coal FE Resources Ltd has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Ten Essential Corporate Governance Principles and Best Practice Recommendations ("**Recommendations**") as published by ASX Corporate Governance Council.

A summary of the Company's corporate governance practices is set out below.

Summary of Board Charter

The Board is collectively responsible for promoting the success of the Company. The Board supervises the Company's framework of control and accountability systems and ensures the Company is properly managed. The Board also approves and monitors major capital expenditure, capital management, and acquisitions and divestitures. It approves the annual budget and monitors the financial performance of the Company as well as its financial and other reporting. The Board provides overall corporate governance to the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company. The Board has agreed to guidelines for assessing materiality.

The Board appoints (with shareholder ratification) and liaises with the external auditor and Audit Committee (if applicable). The Board is also responsible for monitoring and ensuring compliance with all of the Company's legal obligations.

The chairperson is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function. The roles of the Managing Director, independent directors and management are summarised in the Charter.

Summary of Audit Committee Charter

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review significant financial reporting judgments. The Audit Committee also reviews the Company's internal financial control system, risk management systems and any internal audit function.

The Audit Committee monitors and reviews the external audit function including matters concerning appointment and remuneration, independence and non-audit services. The Audit Committee also performs such other functions as assigned by law, the Company's constitution, or the Board.

The Audit Committee has the power to conduct or authorize investigations into matters within the committee's scope of responsibilities and has the authority, as necessary, to retain independent legal, accounting or other advisors.

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Summary of Nomination Committee Charter

The role of the Nomination Committee is to determine the state of director nominees for election to the Board and to identify and recommend candidates to fill casual vacancies. The Nomination Committee regularly reviews the size and composition of the Board, and makes recommendations to the Board on any appropriate changes.

The Nomination Committee establishes evaluation methods of rating the performance of Board members and implements ways of enhancing the competency levels of directors. The Nomination Committee also provides directors with access to ongoing education relevant to their position in the Company.

Summary of Remuneration Committee Charter

The function of the Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations.

The Remuneration Committee makes decisions (if the full board carries out the function of Remuneration Committee) or recommendations to the Board with respect to appropriate remuneration and incentive policies for executive directors and senior executives.

The Remuneration Committee ensures that executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives.

The Remuneration Committee ensures that fees paid to non-executive directors are within the aggregate amount approved by shareholders and makes recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting.

The Remuneration Committee reviews and makes recommendations concerning long-term incentive compensation plans and continually reviews and if necessary improves any existing benefit programs established for employees.

Summary of Code of Conduct

This Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive towards when dealing with each other, shareholders and the broad community.

The Company is to comply with all legislative and common law requirements which affect its business. The Company will deal with others in a way that is fair and will not engage in deceptive practices.

The Code of Conduct sets out directives for Directors, management and staff relating to conflicts of interests, protection of the Company's the assets and confidentiality.

The Company has a policy forbidding bribes. The Company does not support making facilitation payments as a matter of policy, and expects employees and officers to make every effort to avoid them.

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Summary of Policy and Procedure for Selection and Appointment of New Directors

The Board considers and selects candidates for the Board by reference to a number of factors. New directors are invited to join the Board based on recommendations made by the Nomination Committee and approved by the Board.

Summary of Process for Performance Evaluation of the Board, Board Committees, Individual Directors and Key Executives

The chairperson is responsible for conducting an annual review of the Board performance.

Summary of Policy for Trading in Company Securities

The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information. It also provides that the written acknowledgement of the chairperson should be obtained prior to trading

Summary of Compliance Procedures

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. It appoints an officer of the Company to be responsible for compliance. It is detailed in its application covering the following areas:

1. appointment of the responsible officer and description of his/her duties;
2. identifies area of risk for the Company;
3. provides guidelines for:
 - (a) identifying disclosure material; and
 - (b) monitoring share price movements;
4. guide for use of trading halts;
5. guide for decision making process;
6. details on record keeping;
7. education of Board and management;
8. confidentiality;
9. release of disclosure material; and
10. updating of compliance procedures.

Summary of Procedure for the Selection, Appointment and rotation of External Auditor

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as per the recommendations of the Audit Committee with the decision being ratified by shareholders at the next annual general meeting of the Company.

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period.

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The Audit Committee will review the performance of the external auditor on an annual basis and make any recommendations to the Board.

Summary Shareholder Communication Strategy

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. All shareholders receive the Company's annual report. The Company maintains a website on which the Company makes certain information available on a regular basis.

Summary of Risk Management Policy

The Company has established a risk management policy which sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the managing director. The managing director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management. The policy also sets out the Company's risk profile.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Company's practices do not depart from the Recommendations and therefore there is no "if not, why not" reporting.

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