

# **XTD Limited**

**ACN 147 799 951**

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**CORPORATE GOVERNANCE & POLICIES MANUAL**

**(REVISED VERSION ADOPTED 27 SEPTEMBER 2017)**

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## **PREAMBLE**

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In fulfilling its obligations and responsibilities to its various stakeholders, the board (**Board**) of directors of the Company advocates the adoption of and adherence to a framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within the corporation – this is what is meant in this manual when reference is made to corporate governance. This manual outlines the Company's principal corporate governance procedures. The Board supports a system of corporate governance to ensure that the management of the Company is conducted in a manner which is directed at achieving the Company's objectives in a proper and ethical manner.

The **ASX's** (then known as the Australian Stock Exchange and now known as the Australian Securities Exchange) Corporate Governance Council published its Corporate Governance Principles and Recommendations in March 2003. In August 2007 it published its first revision to (2<sup>nd</sup> Edition of) the Corporate Governance Principles and Recommendations. That document, at the time of this manual being reviewed was available on the ASX website: <http://www.asx.com.au>

Commencing at page 2 of this manual is a summary of the (eight) revised corporate governance principles and recommendations (herein being referred to as the **ASX Recommendations**).

Except to the extent indicated herein (see "If not, why not?" report in the pro forma Corporate Governance Statement appended hereto), the Company has resolved that for so long as it is admitted to the official lists of the ASX it shall abide by the ASX Recommendations.

Due to the exigencies and vagaries of commercial life and changing circumstances, there will, no doubt, be occasions when, especially because of the size of the Company and the composition of its Board, that it can be expected to depart from the policies and charters which it has adopted. These policies have been adopted on the basis that, in the circumstances of the Company, they reflect what is considered to reflect a reasonable aspiration. It is not expected that these guidelines will be slavishly adhered to. Their object is to focus attention upon the issues they address and provoke thought about and awareness of those issues and the pitfalls that one could otherwise fall into inadvertently. The important thing is to develop a culture conducive only to good and appropriate conduct and practices.

Honesty and integrity must be the overriding and guiding principle in all things-substance must prevail over form and lip service. Adhering to the following policies is a condition of each contract of employment or service.

The Board encourages all key management personnel, other employees, contractors and other stakeholders to monitor compliance with this Corporate Governance manual and periodically, by liaising with the Board, management and staff; especially in relation to observable departures from the intent of hereof and with and any ideas or suggestions for improvement. Suggestions for improvements or amendments to this Corporate Governance manual can be made at any time by providing a written note to the chairman.

# **ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS**

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## **1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

Companies should establish and disclose the respective roles and responsibilities of board and management.

### **Recommendations**

#### **1.1. Companies should disclose:**

1.1.1. The respective roles and responsibilities of its board and management; and

1.1.2. Those matters expressly reserved to the board and those delegated to management.

#### **1.2. A listed entity should:**

1.2.1. Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and

1.2.2. Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

1.3. A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

1.4. The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

#### **1.5. A listed entity should:**

1.5.1. Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

1.5.2. Disclose that policy or a summary of it; and

1.5.3. Disclose as at the end of each reporting period, the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:

1.5.3.1 The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or

1.5.3.2 If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender

## **ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS**

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Equality Indicators", as defined in and published under that Act.

1.6. A listed entity should:

1.6.1. Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

1.6.2. Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

1.7. A listed entity should:

1.7.1. Have and disclose a process for periodically evaluating the performance of its senior executives; and

1.7.2. Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

## **2. STRUCTURE THE BOARD TO ADD VALUE**

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

### **Recommendations**

2.1. The board of a listed entity should:

2.1.1. Have a nomination committee which:

2.1.1.1 Has at least three members, a majority of whom are independent directors; and

2.1.1.2 Is chaired by an independent director; and disclose

2.1.1.3 The charter of the committee;

2.1.1.4 the members of that committee; and

2.1.1.5 as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or

2.1.2. If it does not have a nomination committee, disclose that fact and the process it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

## **ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS**

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- 2.2. A listed entity should have and disclose a board skills matrix, setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.
- 2.3. A listed entity should disclose:
  - 2.3.1. The names of the directors considered by the board to be independent directors;
  - 2.3.2. If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of that director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
  - 2.3.3. The length of service of each director.
- 2.4. A majority of the board of a listed entity should be independent directors.
- 2.5. The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.
- 2.6. A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

### **3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING**

Companies should actively promote ethical and responsible decision-making.

#### **Recommendations**

- 3.1. A listed entity should:
  - 3.1.1. Have a Code of Conduct for its directors, senior executives and employees; and
  - 3.1.2. Disclose that code or a summary of it.

### **4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

#### **Recommendations**

- 4.1. The board of a listed entity should:
  - 4.1.1. Have an audit committee which:



## **ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS**

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- 4.1.1.1 Has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - 4.1.1.2 Is chaired by an independent director, who is not the chair of the board, and disclose
  - 4.1.1.3 The character of the committee;
  - 4.1.1.4 the relevant qualifications and experience of the members of the committee; and
  - 4.1.1.5 in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- 4.1.2. if it does not have an audit committee, disclose the fact that the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.
- 4.2. The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
- 4.3. A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

### **5. MAKE TIMELY AND BALANCED DISCLOSURE**

Companies should promote timely and balanced disclosure of all material matters concerning the Company.

#### **Recommendations**

- 5.1. A listed entity should:
- 5.1.1. Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
  - 5.1.2. Disclose that policy, or a summary of it.

## **ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS**

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### **6. RESPECT THE RIGHTS OF SHAREHOLDERS**

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

#### **Recommendations**

- 6.1. A listed entity should provide information about itself and its governance to its investors via its website.
- 6.2. A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.
- 6.3. A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.
- 6.4. A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

### **7. RECOGNISE AND MANAGE RISK**

Companies should establish a sound system of risk oversight and management and internal control.

#### **Recommendations**

- 7.1. The board of a listed entity should:
  - 7.1.1. Have a committee or committees to oversee risk, each of which:
    - 7.1.1.1 Has at least 3 members, a majority of whom are independent directors; and
    - 7.1.1.2 Is chaired by an independent director, and disclose
    - 7.1.1.3 the charter of the committee;
    - 7.1.1.4 The members of the committee; and
    - 7.1.1.5 As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
  - 7.1.2. If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.
- 7.2. The board or a committee of the board should:
  - 7.2.1. Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

## **ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS**

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- 7.2.2. Disclose, in relation to each reporting period, whether such a review has taken place.
- 7.3. A listed entity should disclose:
  - 7.3.1. If it has an internal audit function, how the function is structured and what role it performs; or
  - 7.3.2. If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
- 7.4. A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

### **8. REMUNERATE FAIRLY AND RESPONSIBLY**

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

#### **Recommendations**

- 8.1. The board of a listed entity should:
  - 8.1.1. Have a Remuneration Committee which:
    - 8.1.1.1 Has at least three members, a majority of whom are independent directors; and
    - 8.1.1.2 Is chaired by an independent director, and disclose
    - 8.1.1.3 The charter of the committee;
    - 8.1.1.4 The members of the committee; and
    - 8.1.1.5 As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or
  - 8.1.2. If it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
- 8.2. A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.
- 8.3. A listed entity which has an equity-based remuneration scheme should:

## **ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS**

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- 8.3.1. Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
  - 8.3.2. Disclose that policy or a summary of it.
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**PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

1.1	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	<p>Information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management) is found under the Board Charter. Information about the roles and responsibilities of the Board and Management is set out in the Annual Report. The Board has delegated authority to the CEO for the day-to-day operations of the Company.</p>
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	<p>The appointment or re-election of new of new persons is undertaken by the full Board operating under the Nomination Committee charter.</p> <p>The function of the Nomination Committee charter is to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board. The Board recognises the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.</p> <p>As required under the ASX Listing rules and the Corporations Act, election or re-election of directors is a resolution put to members at each Annual General meeting. The notice of meeting contains all material information relevant to a decision on whether or not to elect or re-elect a director.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Letters of appointment for each director and senior executive have been executed by the Company.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.</p>	<p>Noted in the letter of appointment of Company Secretary.</p>

## ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

<p>1.5</p>	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: <ul style="list-style-type: none"> <li>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul>	<p>The Company has a Diversity policy which can be found on its website under the Corporate Governance section.</p> <p>The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. The Company's policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.</p> <p>To drive diversity and inclusion within the Company, the Board has set the following objectives: To increase the percentage of women in the business and more specifically, in leadership roles, and actively promote a culture that values diversity, inclusion and flexibility. There are no women Board members or senior executives.</p>
<p>1.6</p>	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>Process for Evaluating Board Performance is detailed in the Board Charter.</p> <p>The Board aims to review its performance and that of its committees and individual directors on an annual basis. Performance is reviewed against the Board Charter and any other Board responsibilities. Evaluation will have regard to, amongst other things, ensuring proper and effective management and performance of financial, operational and compliance indicators. During the reporting period no evaluation took place.</p>
<p>1.7</p>	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>The assessments of executive performance takes place annually and are conducted by the Chairman and reported to the Remuneration Committee for consideration as part of any salary reviews, which in turn is recommended to the Board. In the context of undertaking comprehensive reviews of remuneration practices of the Company, the historical performance of senior executives is taken into account against clear key performance indicators. The last reviews were conducted in March 2017.</p>

## ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

### PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

2.1	<p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"><li>(1) has at least three members, a majority of whom are independent directors; and</li><li>(2) is chaired by an independent director, and disclose:</li><li>(3) the charter of the committee;</li><li>(4) the members of the committee; and</li><li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li></ul> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Company's Corporate Governance Plan includes a Nomination Committee Charter. The Corporate Governance Plan is available on the Company's website.</p> <p>The primary purpose of the Nomination Committee is to support and advise the Board in maintaining a Board with an appropriate mix of skills and experience and ensuring the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.</p> <p>Given the size of the Company, the operation of the Nomination Committee is currently conducted by the full Board. When appropriate, external consultants are engaged to assist in the nomination process and to ensure a balance of skills, knowledge, experience, independence and diversity is achieved.</p>
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## ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>The Board has identified that the appropriate mix of skills and diversity required of its members on the Board to operate effectively and efficiently is achieved by directors having substantial skills and experience in operational management, exploration and geology, corporate law, finance, listed resource companies, equity markets.</p> <p>The Board Skills matrix for the current Board is as follows:</p> <table border="1" data-bbox="1261 395 2056 869"> <thead> <tr> <th></th> <th>Frank Hurley</th> <th>Stuart Richardson</th> <th>Joe Copley</th> <th>Quentin Gracanin</th> </tr> </thead> <tbody> <tr> <td>Operational management</td> <td>✓</td> <td>-</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Out of home advertising</td> <td>✓</td> <td>-</td> <td>✓</td> <td>-</td> </tr> <tr> <td>Corporate law</td> <td>✓</td> <td>-</td> <td>-</td> <td>✓</td> </tr> <tr> <td>Accounting &amp; finance</td> <td>✓</td> <td>✓</td> <td>-</td> <td>✓</td> </tr> <tr> <td>Listed media companies</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>-</td> </tr> <tr> <td>Equity markets</td> <td>-</td> <td>✓</td> <td>-</td> <td>✓</td> </tr> </tbody> </table>		Frank Hurley	Stuart Richardson	Joe Copley	Quentin Gracanin	Operational management	✓	-	✓	✓	Out of home advertising	✓	-	✓	-	Corporate law	✓	-	-	✓	Accounting & finance	✓	✓	-	✓	Listed media companies	✓	✓	✓	-	Equity markets	-	✓	-	✓
	Frank Hurley	Stuart Richardson	Joe Copley	Quentin Gracanin																																	
Operational management	✓	-	✓	✓																																	
Out of home advertising	✓	-	✓	-																																	
Corporate law	✓	-	-	✓																																	
Accounting & finance	✓	✓	-	✓																																	
Listed media companies	✓	✓	✓	-																																	
Equity markets	-	✓	-	✓																																	
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>The Company considers Joe Copley and Quentin Gracanin as independent directors. The length of service of each director <u>since recompliance</u> is set out below as at 30 August 2017:</p> <ul style="list-style-type: none"> <li>- Frank Hurley: 33 months.</li> <li>- Stuart Richardson: 4 years.</li> <li>- Quentin Gracanin: 9 months.</li> <li>- Joe Copley: 9 months</li> </ul>																																			
2.4	A majority of the Board of a listed entity should be independent directors.	A majority of the Board are considered independent directors (3 of 4).																																			
2.5	The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Chairman of the Board, Mr Frank Hurley is considered independent. The Company's CEO is Mr Steve Wildisen.																																			
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company will provide induction material for any new directors and, depending on specific requirements, will provide appropriate professional development opportunities for directors.																																			



## ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive to abide by when dealing with each other, shareholders and the broad community.</p>
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### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Company's Audit committee is currently comprised of the whole Board, the majority of whom are independent directors.</p> <p>The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter. The Corporate Governance Plan is available on the Company's website.</p> <p>Qualifications and experience of members of the Audit Committee are found under the directors' profile in both the Annual report and on the Company's website at Directors and Management.</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Before the Board approves the financial statements, it receives from its CEO (Steve Wildisen) and CFO (Benjamin Bussell) declarations in relation to full year and half year statutory financial reports during the reporting period in accordance with section 295A of the Corporations Act.</p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>Section 249K of the Corporations Act requires a Company to give its auditor a notice of a general meeting and section 250RA requires an auditor to attend a listed company's AGM.</p>

## ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company's Corporate Governance Plan includes a continuous disclosure program. The Corporate Governance Plan is available on the Company's website.</p>
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### PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company's website provides information on the Company including its background, objectives, projects and contact details. The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement.</p> <p>ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated on a regular basis.</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>The Company encourages security holders to attend and participate in general meetings and makes itself available to meet investors and regularly responds to telephone or email enquiries from investors. The CEO regularly meets with key stakeholders of the Company.</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>The Company encourages shareholders to attend all general meetings of the Company and sets the time and place of each meeting to promote maximum attendance by Shareholders.</p> <p>The Company encourages Shareholders to submit questions in advance of a general meeting, and for the responses to these questions to addressed through disclosure relating to that meeting.</p> <p>The Company's Shareholder Communication Policy is disclosed on the Company's website.</p>

## ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	It is the Company's desire that shareholders receive communications electronically in the interests of the environment and constraining costs. In an endeavour to drive this objective the Company has a policy of providing hard materials at cost (which will generally involve a black and white presentation even where the electronic version is full colour).
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### PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Board has established a Risk committee that is comprised of five members being</p> <ul style="list-style-type: none"> <li>- Frank Hurley (Chair);</li> <li>- Steve Wildisen (CEO);</li> <li>- Mike Boyd;</li> <li>- Tony Haines; and</li> <li>- Matthew Foy (Secretary)</li> </ul> <p>The Company's Risk Policy can be found on the company's website. One meeting of the Risk committee was held during the period at which all members were present.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Risk management is specifically discussed at the Company's board meetings. The Company reviews its risk management framework quarterly and at any time the Board is assessing a potential new project. This information is disclosed in the annual report.
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Due to the size of the Company, the Board does not consider it necessary at this time, to formally adopt an internal audit function. The Board continually monitors the risk management and internal control processes adopted by the Company to ensure they are appropriate to the operations of the Company's group structure. The Board is satisfied with the current level of risk, risk management and control monitoring within the Company.

## ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.		The Company does not believe it has any significant exposure to economic, environmental and social sustainability risks.
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### PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		<p>The Company has a Remuneration committee comprising Quentin Gracanin (Chair), Stuart Richardson and Joe Copley. The Company's Corporate Governance Plan includes a Remuneration Committee Charter. The Corporate Governance Plan is available on the Company's website.</p> <p>The key responsibilities of the Remuneration Committee is to support and advise the Board in fulfilling its responsibility to investors by:</p> <ol style="list-style-type: none"> <li>(a) Reviewing and approving the executive remuneration policy to enable the Company to attract and retain Executives and Directors who will create value for shareholders;</li> <li>(b) Ensuring that the execution remuneration policy demonstrates a clear relationship between key executive performance and remuneration;</li> <li>(c) Recommending to the Board the remuneration of Executive Directors; and</li> <li>(d) Reviewing and approving any equity based plans and other incentive schemes.</li> </ol>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.		The Company has a Remuneration Policy which can be found on its website under Corporate Governance.
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ol style="list-style-type: none"> <li>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>(b) disclose that policy or a summary of it.</li> </ol>		The Company does not presently have any equity-based remuneration schemes in place.

## **LIST OF ADOPTED CHARTERS & POLICIES**

The Company has adopted the following Charters, Policies and Rules which have been or are to be placed on its website:

1. Board charter
2. Audit policy
3. Remuneration policy
4. Nomination policy
5. Code of conduct
6. Securities trading policy
7. Securities trading rules
8. Risk management policy
9. Investment risks
10. Shareholder communication policy
11. Continuous disclosure policy
12. OH&S policy
13. Corporate Environmental and Social Responsibility policy
14. Whistleblower policy
15. Diversity policy

These charters, policies and rules are to be reviewed annually to audit compliance therewith and to identify changes required.

The Company Secretary is to maintain (and submit the same to the Board for adoption) compliance checklists to assist instil the culture contemplated by and compliance with this manual.

## **BOARD CHARTER**

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### **1. ROLE OF THE BOARD**

The Board's key objectives are to:

- 1.1. create an environment for employees, other contributors and stakeholders which engenders trust, confidence, faith, loyalty and dedication to the interests and affairs of the Company;
- 1.2. increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders; and
- 1.3. ensure the Company is properly managed and operated with integrity.

### **2. RESPONSIBILITY OF THE BOARD**

The Board is collectively responsible for promoting the success of the Company by:

- 2.1. supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed, including addressing the matters enumerated in paragraph 2.2 following;
- 2.2. ensuring the Company is properly managed, for example by:
  - 2.2.1. appointing and, where appropriate, removing the managing director, chair, CEO and other senior executives of the Company and the Company Secretary;
  - 2.2.2. providing leadership and setting of corporate strategy and performance objectives;
  - 2.2.3. reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance; and
  - 2.2.4. monitoring senior management's performance and implementation of strategy, ensuring appropriate resources are available and its performance objectives;
- 2.3. approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- 2.4. approving the annual budget;
- 2.5. monitoring the financial performance of the Company and overseeing the integrity of the company's accounting and corporate reporting systems, including the external audit;
- 2.6. providing overall corporate governance of 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;
- 2.7. appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when

## **BOARD CHARTER**

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any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;

- 2.8. liaising with the Company's external auditors and Audit Committee (where there is a separate Audit Committee); and
- 2.9. monitoring and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, social responsibility, cultural heritage and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to discharge appropriately its responsibilities. The Board is to meet at regular intervals and at least once every three months.

The Board may not delegate its overall responsibility for the matters listed above however, it may delegate related day-to-day activities provided those matters do not exceed the Materiality Threshold as defined herein.

### **3. COMPOSITION OF THE BOARD**

Independent Directors

- 3.1. The Board considers that a director is independent if that director is not involved in the day to day management of the Company and has no relationship that could compromise or materially affect that director's independent judgment. All the circumstances must be considered to assess whether the director can reasonably be considered to be free of any relationship that could materially interfere with his independent exercise of judgement and ability to act in an entirely disinterested manner in all things.
- 3.2. The following questions need to be addressed when assessing a director's independence, namely:
  - 3.2.1. does the director have or propose to have any business dealings with the Company;
  - 3.2.2. has the director been in an executive capacity in the Company in the last 3 years;
  - 3.2.3. has the director been involved with the company in an advisory capacity within the last 3 years;
  - 3.2.4. has the director been a significant customer or supplier for the Company;
  - 3.2.5. has the director been appointed through a special relationship with a Board member, ie. having a close family tie with another person who would not be considered independent;
  - 3.2.6. does the director owe allegiance to a particular group of shareholders which gives rise to a potential conflict of interest;
  - 3.2.7. does the director hold conflicting cross directorships; and

## **BOARD CHARTER**

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- 3.2.8. does the director have a substantial shareholding or is he a nominee of a substantial shareholder (as defined under section 9 of the Corporations Act); and
- 3.2.9. has the person been a director of the entity for such a period that his or her independence may have been compromised.

It is a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the required skills and experience required, in the context of the Company's operations and activities from time to time. In determining whether or not the directors are independent, the Board applies the criteria as set out in the ASX's Recommendations.

Where the chair is not an independent director, the Company will appoint a lead independent director if it is practicable to do so. The lead independent director will take over the role of the chair when the chair is unable to act in that capacity as a result of his or her lack of independence.

The independent directors, along with all directors, are responsible for reviewing and challenging executive performance. They are also responsible for contributing to the development of strategy.

### Executive Directors

- 3.3. The Board considers that a director is an executive if that director is involved in the day to day management of the Company.

## **4. RESPONSIBILITY OF INDIVIDUAL DIRECTORS AND THE COMPANY SECRETARY**

### 4.1. The Chair

The chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The chair is also responsible for monitoring shareholder communication, continuous disclosure compliance and Board performance.

### 4.2. The Managing Director

The managing director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out those responsibilities, the managing director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

The managing director is responsible for ensuring that the Board is provided with at least the following information, namely, all material information on operations, budgets, cash flows, funding requirements, shareholder movements, broker activity in the Company's securities, assets and liabilities,



## **BOARD CHARTER**

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disposals, financial accounts, external audits, internal controls, risk assessment, new venture proposals, and health, safety and environmental reports.

### **4.3. The Company Secretary**

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. Each director should be able to communicate directly with the company secretary and vice versa.

## **5. OTHER DIRECTORSHIPS**

### **5.1. Executive Directors**

Executive directors are required to notify the Company of all directorships held on appointment and any changes thereto thereafter. In respect of listed companies they are permitted to hold only one non-executive director role. They shall not hold any other executive director roles. Without limitation to the foregoing, if executive directors intend to accept any directorships after their appointment as a director of the Company, they must first obtain the consent of the Board, such consent not to be unreasonably withheld.

### **5.2. Non-executive Directors**

Non-executive directors are required to notify the Company of all directorships held on appointment and any changes thereto thereafter. A non-executive director must not hold the office of executive director of more than one other a listed company (and in such case may not hold any additional non-executive directorships of listed companies). A non-executive director must not hold the office of non-executive director of more than four other listed companies. Without limitation to the foregoing, if non-executive directors intend to accept any directorships after their appointment as a director of the Company, they must first obtain the consent of the Board, such consent not to be unreasonably withheld.

## **6. PROCESS FOR EVALUATING BOARD PERFORMANCE**

The Board may undergo periodic formal assessment processes, including assessment of the Board's committees, where applicable. An independent, third party consultant may be used to facilitate the assessment.

The assessment process which may be used by the Board requires each director to complete a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board and its members. Senior executives having most direct contact with the Board may also be invited to complete similar questionnaires. Responses to the questionnaires are confidential and provided direct to the consultant, with the results in aggregate then being communicated to the Chair of the Board.

The Board as a whole then hold a facilitated discussion during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with the Board, as a whole.

## **BOARD CHARTER**

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The Chair of the Board may also meet individually with each Board member to discuss their performance.

The Board has access to the resources of the Company Secretary and also approves the appointment or removal of the Company Secretary on the advice of management. The Company Secretary is responsible for providing reference files and Board papers to each director, ensuring that management provides content in adequate detail. The Company Secretary is also responsible and accountable to the Board on all the Company's governance matters.

### **7. ACCESS TO INDEPENDENT ADVICE**

- 7.1. Each director has the right, so long as he is acting reasonably in the interests of the Company and in the discharge of his duties as a director, to seek independent professional advice and recover the reasonable costs thereof from the Company.
- 7.2. The advice shall only be sought after consultation about the matter with the chairman (where it is reasonable that the chairman be consulted) or, if it is the chairman that wishes to seek the advice or it is unreasonable that he be consulted, another director (if that be reasonable).
- 7.3. The advice is to be made immediately available to all Board members other than to a director against whom privilege is claimed.

### **8. ROLE AND RESPONSIBILITY OF MANAGEMENT**

The role of management is to support the managing director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the managing director or, if the matter concerns the managing director, then directly to the chair or the lead independent director, as appropriate.

### **9. MATERIALITY THRESHOLD**

The Board has agreed on the following guidelines for assessing the materiality of matters:

#### **9.1. Materiality – Quantitative**

Balance sheet items

Balance sheet items are material if they have a value of more than 5% of pro-forma net assets.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

#### **9.2. Materiality – Qualitative**

## **BOARD CHARTER**

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Items are also material if:

- 9.2.1. they are of a character that enlivens the obligation to disclose under either ASX Listing Rule 3.1 or the continuous disclosure obligations arising in terms of the Corporations Act;
- 9.2.2. they impact on the reputation of the Company;
- 9.2.3. they involve a breach of legislation;
- 9.2.4. they are outside the ordinary course of business;
- 9.2.5. they could affect the Company's rights to its assets;
- 9.2.6. if accumulated they would trigger the quantitative tests;
- 9.2.7. they involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items; or
- 9.2.8. they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

### 9.3. Material Contracts

Contracts will be considered material if:

- 9.3.1. they are outside the ordinary course of business;
- 9.3.2. they contain exceptionally onerous provisions in the opinion of the Board;
- 9.3.3. they impact on income or distribution in excess of the quantitative tests;
- 9.3.4. there is a likelihood that either party will default, and the default may trigger any of the quantitative tests;
- 9.3.5. they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- 9.3.6. they contain or trigger change of control provisions;
- 9.3.7. they are between or for the benefit of related parties; or
- 9.3.8. they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold (**Materiality Threshold**).

## **AUDIT POLICY**

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### **1. SUBMISSION TO AUDIT**

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

The auditor will attend and be available to answer questions at the Company's annual general meetings.

### **2. AUDITOR INDEPENDENCE**

The Company will monitor the independence and competence of its external auditors. Details of the amounts paid for both work and non-audit services will be 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.

### **3. COMPOSITION OF THE AUDIT COMMITTEE**

The Board (together with such other person(s) as it sees fit to appoint) shall comprise the Audit Committee.

### **4. ROLE OF THE AUDIT COMMITTEE**

The role of the Audit Committee is to:

- 4.1. monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- 4.2. review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- 4.3. monitor and review the effectiveness of the Company's internal audit function (if any);
- 4.4. monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- 4.5. perform such other functions as assigned by law, the Company's constitution, or the Board; and
- 4.6. review and make recommendations in relation to:
  - 4.6.1. appointment or removal of the auditor;
  - 4.6.2. rotation of the audit partner; and
  - 4.6.3. the scope and adequacy of the external audit, including the performance of the external auditor.

## **AUDIT POLICY**

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### **5. OPERATIONS OF COMMITTEE**

The committee is to meet at least half yearly, with further meetings on an as required basis.

Minutes of all meetings of the committee are to be kept and a report made at each subsequent meeting of the Board.

Committee meetings will be governed by the same rules as set out in the Company's constitution as apply to the meetings of the Board.

Relevant members of management and the external auditor may be invited to attend meetings.

The committee shall, where practicable, meet with the external auditor without management present, as required.

### **6. COMMITTEE'S AUTHORITY AND RESOURCES**

The Company is to provide the committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the committee.

The committee will have the power to conduct or authorize investigations into any matters within the committee's scope of responsibilities. The committee will have the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

### **7. REPORTING TO THE SHAREHOLDERS**

The chair of the audit committee is to be present at the annual general meeting to answer questions, through the chair of the Board.

## **REMUNERATION POLICY**

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### **1. REMUNERATION COMMITTEE**

A Remuneration Committee is to be maintained comprising at least three persons, one of whom at least must be a director. The composition of the Remuneration Committee can vary to accommodate the requirement that a director must not sit on the committee to consider that director's remuneration.

The Remuneration Committee may seek input from senior executives on remuneration policies, but no senior executive should be directly involved in deciding their own remuneration.

### **2. ROLE**

The function of the committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- 2.1. remuneration packages of senior executives (including directors);
- 2.2. employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed;
- 2.3. recruitment, retention and termination policies and procedures for senior executives; and
- 2.4. superannuation arrangements.

When reviewing remuneration packages of senior executives (including directors), the Committee shall include a comparative review of the packages by gender.

### **3. OPERATIONS**

Minutes of all meetings of the committee are to be kept. Committee meetings will be governed by the same rules as set out in the Company's constitution, as they apply to meetings of the Board.

The full Board shall, when required, review the recommendations of the Committee.

### **4. SENIOR EXECUTIVE REMUNERATION AND INCENTIVES**

The committee is to make decisions with respect to appropriate and competitive remuneration and incentive policies (including basis for paying and the quantum of any bonuses), for senior executives and others as considered appropriate to be singled out for special attention, which:

- 4.1. motivates them to contribute to the growth and success of the Company within an appropriate control framework; and
- 4.2. aligns the interests of key leadership with the interests of the Company's shareholders;

## **REMUNERATION POLICY**

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- 4.3. are paid within the any limits imposed by the Constitution as to the aggregate amount payable and make recommendations to the Board with respect to the need for increases to any such amount at the Company's annual general meeting; and
- 4.4. in the case of directors, only permits participation in equity-based remuneration schemes after appropriate disclosure to, due consideration by and with the approval of the Company's shareholders.

The committee is to make decisions which take into consideration the remuneration and incentive levels offered by gender.

The committee is to ensure that recommendations are made to the Board with respect to the above.

### **5. NON-EXECUTIVE DIRECTORS**

The committee is to ensure that non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements.

To the extent that the Company adopts a remuneration structure for its non-executive directors other than in the form of cash and superannuation, the committee shall document its reasons for the purpose of disclosure to stakeholders.

### **6. INCENTIVE PLANS AND BENEFITS PROGRAMS**

The committee is to:

- 6.1. review and make recommendations concerning long-term incentive compensation plans, including the use of equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans;
- 6.2. ensure that, where practicable, incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide remuneration when they are achieved; and
- 6.3. continually review and, if necessary, improve any existing benefit programs established for employees.

## **NOMINATION POLICY**

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### **1. NOMINATION COMMITTEE**

The Nomination Committee shall comprise three members, and where possible, have a majority of independent directors.

### **2. ROLE**

The function of the Nomination Committee is to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board. The Board recognises the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.

### **3. OPERATIONS**

The committee is to meet at least annually, with further meetings on an as required basis. Minutes of all meetings are to be kept.

### **4. RESPONSIBILITIES**

The responsibilities of the Nomination Committee are:

- 4.1. to implement processes to assess the necessary and desirable competencies of Board members including, experience, expertise, skills and performance of the Board and its committees;
- 4.2. to provide new directors with an induction to the Company;
- 4.3. to provide all directors with access to ongoing education relevant to their position in the Company;
- 4.4. provide a succession plan for directors and managing director in order to maintain an appropriate mix of skills, experience, expertise and diversity on the Board;
- 4.5. evaluate the performance of the managing director;
- 4.6. review time required for non-executive directors to perform their duties;
- 4.7. annually evaluate the performance and effectiveness of the Board to facilitate the directors fulfilling their responsibilities in a manner that serves the interests of shareholders;
- 4.8. before recommending an incumbent, replacement or additional director, review his or her qualifications, including capability, availability to serve, conflicts of interest, and other relevant factors and record that review and recommendation in the minutes;
- 4.9. assist in identifying, interviewing and recruiting candidates for the Board including reviewing whether professional intermediaries should be used to identify candidates;



## **NOMINATION POLICY**

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- 4.10. annually review the composition of each committee and present recommendations for committee memberships to the Board as needed; and
- 4.11. undertake checks as to a nominated persons' character, experience, education, criminal record and bankruptcy history.

### **5. ELECTION/RE-ELECTION OF DIRECTORS**

- 5.1. The Company will ensure the following information is provided to shareholders before it puts forward to security holders a new candidate for election as a director:
  - 5.1.1. Any material adverse information revealed by the checks the entity has performed about the director;
  - 5.1.2. Details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally; and
  - 5.1.3. If the board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect.
- 5.2. In the case of a candidate standing for re-election as a director:
  - 5.2.1. The term of office currently served by the director; and
  - 5.2.2. if the board considers the director to be an independent director, a statement to that effect; and
- 5.3. A statement by the board as to whether it supports the election or –re-election of the candidate.

## **CODE OF CONDUCT**

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### **1. PREAMBLE**

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

### **2. GENERALLY**

Employees and management must assist the Board to fulfil its key objective.

Directors, management and staff shall comply with systems of control and accountability which the Company has in place with openness and integrity.

Each Board member, contractor to, and employee of the Company must keep each member of the Board fully informed of any significant internal issue relating to or affecting the Company – **this obligation is both mandatory and of the utmost importance.**

### **3. INTEGRITY AND HONESTY**

Directors, management and staff shall deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and observe the rule and spirit of the legal and regulatory environment in which the Company operates.

### **4. RESPECT FOR THE LAW**

The Company is to comply with all legislative and common law requirements which affect its business, in particular those in respect of continuous disclosure, occupational health and safety, the environment, social responsibility and cultural heritage. Any transgression from the applicable legal rules is to be reported to the managing director as soon as a person becomes aware of such a transgression.

### **5. CONFLICTS OF INTEREST**

Directors, management and staff must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. Where a real or apparent conflict of interest arises, the matter should be brought to the attention of:

- 5.1. the chair in the case of a Board member;
- 5.2. the managing director in the case of a member of management; and
- 5.3. a supervisor in the case of an employee,

so that it may be considered and dealt with in an appropriate manner for all concerned.

## **CODE OF CONDUCT**

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### **6. PROTECTION OF ASSETS**

Directors, management and staff must protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company.

### **7. CONFIDENTIAL INFORMATION**

Directors, management and staff must respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated.

### **8. EMPLOYMENT PRACTICES**

The Company will employ the best available staff with skills required to carry out vacant positions.

The Company will endeavour to establish a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

### **9. RESPONSIBILITY TO THE COMMUNITY**

The Company will recognise, consider and respect environmental issues which arise in relation to the Company's activities and comply with all applicable legal requirements.

### **10. RESPONSIBILITY TO THE INDIVIDUAL**

The Company recognises and respects the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges and private and confidential information.

### **11. OBLIGATIONS RELATIVE TO FAIR TRADING AND DEALING**

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

### **12. COMPLIANCE WITH THE CODE OF CONDUCT**

Any breach of compliance with this Code of Conduct is to be reported directly to the chair or, if the chair be the subject thereof, the managing director.

## **SECURITIES TRADING POLICY**

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### **1. PREAMBLE**

This is the Company's policy and procedure regarding dealing in the Company's securities by directors, officers, employees<sup>1</sup> and contractors. It prohibits dealing in the Company's securities by persons who possess inside information. It also provides that any share transaction undertaken by directors must be notified to the Company Secretary within 3 days of such transaction.

### **2. POLICY**

Directors, officers, employees and contractors who wish to trade in Company securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a company's securities (e.g. shares or options) by a person with some connection with a company (e.g. an employee) in possession of information that is generally not available to the public but which may be relevant to the value of the Company's securities. It may also include the passing on of this information to another. Insider trading is an offence which carries severe penalties, including imprisonment.

### **3. COMPANY SECURITIES LISTED ON ASX**

In summary, directors, officers employees and contractors of the Company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities (i.e. shares or options) in the Company, or procure another person to do so:

- 3.1. if that director, officer or employee possesses information that a reasonable person would expect to have a material effect on the price or value of the securities if the information was generally available;
- 3.2. if the director, officer or employee knows or ought reasonably to know, that:
  - 3.2.1. the information is not generally available; and
  - 3.2.2. if it were generally available, it might have a material effect on the price or value of the securities in the Company.

Any share transaction undertaken by Directors must be notified to the Company Secretary within 3 days of such transaction, for release to the ASX.

Further, directors, officers, employees and contractors must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

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<sup>1</sup> In this policy, references to "directors, officers and employees" extends to a reference to their respective parents, children, spouses (including de facto) and entities that are controlled by any of them.

## SECURITIES TRADING RULES

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### 1. INTRODUCTION

These rules outline:

- 1.1. when key management personnel, employees and contractors to the Company may deal in Company Securities or in listed securities of another entity (because they may obtain inside information about another entity's securities while performing their duties for the Company); and
- 1.2. procedures to reduce the risk of insider trading;
- 1.3. address some allied matters, including margin borrowing (and like facilities).

### 2. DEFINED TERMS

In these rules:

- 2.1. **ASX Business Day** has the same meaning as the term 'business day' as defined in the ASX Listing Rules;
- 2.2. **Company Securities** includes shares in the Company, options over those shares and any other financial products of the Company traded on ASX;
- 2.3. **Designated Officer** means a director or person engaged in the management of the Company, whether as an employee or consultant.
- 2.4. **Disclosure Officer** means the person appointed to act as Disclosure Officer under the Company's Continuous Disclosure Policy and in the absence of such appointment the Company Secretary shall fill that role.

### 3. INSIDER TRADING

- 3.1. If a person has information about securities and the person knows, or ought reasonably to know, that the information is inside information, it is likely to be illegal for the person to:
  - 3.1.1. deal in the securities;
  - 3.1.2. procure another person to deal in the securities; or
  - 3.1.3. give the information to another person who the person knows, or ought reasonably to know, is likely to:
    - 3.1.3.1 deal in the securities; or
    - 3.1.3.2 procure someone else to deal in the securities.
- 3.2. Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or director engages in insider trading.

## **SECURITIES TRADING RULES**

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3.3. Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

### **4. WHAT IS INSIDE INFORMATION?**

4.1. Inside information is information that:

4.1.1. is not generally available; and

4.1.2. if it were generally available, would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the relevant securities.

4.2. Information is generally available if it:

4.2.1. is readily observable;

4.2.2. has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or

4.2.3. consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs 4.2.1 or 4.2.2.

### **5. WHAT IS DEALING IN SECURITIES?**

5.1. Dealing in securities includes:

5.1.1. applying for, acquiring or disposing of, securities;

5.1.2. entering into an agreement to apply for, acquire or dispose of, securities; and

5.1.3. granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of securities.

5.2. A decision to join, or subscribe for shares under, any dividend reinvestment plan is not dealing in Company Securities.

### **6. WHEN A DESIGNATED OFFICER MAY DEAL**

6.1. Subject to paragraph 7, a Designated Officer may only deal in Company Securities if he or she:

6.1.1. does not have information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities; and

6.1.2. has complied with paragraph 10.

### **7. WHEN A DESIGNATED OFFICER MAY NOT DEAL – CLOSED PERIODS**

7.1. A Designated Officer may not deal or procure another person to deal in Company Securities if:

## **SECURITIES TRADING RULES**

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- 7.1.1. he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities; or
- 7.1.2. the Disclosure Officer has issued an instruction prohibiting dealing in Company Securities by a Designated Officer; or
- 7.1.3. it is the day on which, the Company has made or is expected to make an announcement to the ASX; or
- 7.1.4. he or she has not complied with paragraph 10.

### **8. WHEN EMPLOYEES MAY DEAL**

An employee (who is not a Designated Officer) may deal in Company Securities or the listed securities of another entity if he or she does not have information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or those securities of the other entity.

### **9. WHEN EMPLOYEES MAY NOT DEAL – CLOSED PERIODS**

- 9.1. An employee (who is not a Designated Officer) may not deal or procure another person to deal in Company Securities or the listed securities of another entity if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or those securities of the other entity.
- 9.2. An employee (who is not a Designated Officer) may not deal or procure another person to deal in Company Securities if it is the day on which the Company has made or is expected to make an announcement to the ASX.

### **10. CLEARANCE FROM THE DISCLOSURE OFFICER**

- 10.1. Before dealing in Company Securities, a Designated Officer must first inform the Disclosure Officer and obtain clearance from the Disclosure Officer and at least one director of the Company (other than the Disclosure Officer).
- 10.2. The Disclosure Officer may not give clearance if:
  - 10.2.1. there is a matter about which there is inside information in relation to Company Securities (whether or not the Designated Officer knows about the matter) when the Designated Officer requests clearance or proposes to deal in Company Securities; and
  - 10.2.2. the Disclosure Officer has any other reason to believe that the proposed dealing will breach this policy.
- 10.3. The Disclosure Officer must keep a written record of:
  - 10.3.1. any information received from a Designated Officer in connection with this policy; and
  - 10.3.2. any clearance given under this policy.

## **SECURITIES TRADING RULES**

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Where a Designated Officer is also the Disclosure Officer, that Designated Officer may not act for self as Disclosure Officer for the purpose of this rule but rather must confer with another Designated Officer who shall perform the function of the Disclosure Officer for first mentioned Designated Officer.

### **11. DEALINGS BY ASSOCIATED PERSONS AND INVESTMENT MANAGERS**

11.1. If a Designated Officer may not deal in the Company Securities, he or she must prohibit any dealing in the Company Securities by:

11.1.1. any associated person (including, without limitation, family or nominee companies and family trusts); or

11.1.2. any investment manager on their behalf or on behalf of any associated person.

11.2. For the purposes of paragraph 11.1, a Designated Officer must:

11.2.1. inform any investment manager or associated person of the periods during which the Designated Officer may and may not deal in Company Securities; and

11.2.2. request any investment manager or associated person to inform the Designated Officer immediately after they have dealt in Company Securities.

11.3. A Designated Officer does not have to comply with paragraphs 11.1 and 11.2 to the extent that to do so would breach obligations of confidence to the Company.

### **12. COMMUNICATING INSIDE INFORMATION**

12.1. If an employee (including, without limitation, a Designated Officer) has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or the listed securities of another entity, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to:

12.1.1. deal in Company Securities or those securities of the other entity; or

12.1.2. procure another person to deal in Company Securities or the securities of the other entity.

12.2. An employee must not inform colleagues about inside information or its details except (and the employee must immediately) inform a Designated Officer or the Disclosure Officer of the same unless the employee knows that such information is already in the possession of a Designated Officer or the Disclosure Officer.

### **13. PROHIBITION OF CREDIT**

13.1. Broker credit (beyond T+3), margin lending or leveraged equity providers (by whatever name and under whatever guise) must not be used without the fully informed consent of the Board.



## **SECURITIES TRADING RULES**

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- 13.2. The Designated Officer or employee must inform the Disclosure Officer of all details concerning any broker credit, margin lending or leveraged equity arrangements in place in respect of any dealings (including, without limitation, prospective dealings) in Company Securities.

### **14. PASSIVE TRADING IN COMPANY SECURITIES**

- 14.1. Employees may participate during closed periods in the passive acquisition of Company Securities in plans approved by the Company's Board, such as dividend reinvestment plans, share purchase plans and rights issues, with the proviso that an election to participate, once given, cannot be revoked during a closed period.
- 14.2. The exercise of options is permitted during a closed period in accordance with the terms and conditions of those options, however, the Securities issued in respect of such options or share purchase plan are subject to these Rules and employees may not deal in these Securities during a closed period, including the closed period in which the Securities have been acquired.

### **15. EXCEPTIONAL CIRCUMSTANCES WHEN TRADING MAY TAKE PLACE**

In exceptional circumstances where, as a result of demonstrable severe financial hardship, an employee is obliged to dispose of Company Securities, subject to that employee demonstrating to the Disclosure Officer and the Board that financial hardship (such as the threat of foreclosure on the residence in respect of a person or mortgage, a judgement in respect of a debt being obtained by a creditor, or a court order in a family law matter) the Disclosure Officer and the Board may give written approval to proceed to sell an agreed number of Company Securities within a specified time frame. A limited period in which to trade should be granted, say 5 business days, and the closing date during which Securities can be traded should be notified to the individual and the Company Secretary.

### **16. BREACH OF POLICY**

- 16.1. A breach of this policy by an employee or a contractor can be expected to:
- 16.1.1. lead to disciplinary action, generally in the form of dismissal or termination of the relationship at first lawful instance;
  - 16.1.2. be reported to the authorities for investigation if the circumstances warrant, in the view of the Company.

### **17. DISTRIBUTION OF POLICY**

- 17.1. This policy must be distributed to all affected parties or their attention must be drawn to it e.g. by emailing them a link to this policy or including the same in their contract of employment.

### **18. ASSISTANCE AND ADDITIONAL INFORMATION**

Employees who are unsure about any information they may have in their possession, and whether they can use that information for dealing in securities, must contact the Disclosure Officer.

## **RISK MANAGEMENT POLICY**

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### **1. PREAMBLE**

- 1.1. The identification and effective management of risk, including calculated risk-taking is an essential part of the Company's approach to creating long-term shareholder value.
- 1.2. The following is the Company's framework for:
  - 1.2.1. risk management; and
  - 1.2.2. internal compliance and control systems.

It covers the organisational, financial and operational aspects of the Company's affairs. Each Designated Officer is responsible for monitoring the managing director in the discharge of his responsibility to ensure the maintenance of, and compliance with, appropriate systems and raising any concerns in that regard with the Chairman.

### **2. RISK FACTORS**

A schedule of risk factors that the Board considers to be particularly relevant appears at the end, and comprises a part, of this Policy.

### **3. GENERAL APPROACH**

All key management personnel are responsible for using a commonsense approach to foreshadowing and identifying risks and promptly alerting the Board to the same.

### **4. DESIGN OF RISK MANAGEMENT SYSTEMS**

The Board requires management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively.

The managing director is responsible for designing, implementing and reporting on the adequacy of the company's risk management and internal control system. Management reports to the Audit and Risk Committee on the Company's key risks and the extent to which he believes these risks are being managed. This is to be performed on a six monthly basis or more frequently as required by the Board or any relevant committee.

### **5. ASSURANCE**

- 5.1. The Board will disclose that it has received assurance from the chief executive officer (or equivalent) and/or the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- 5.2. The managing director is responsible for ensuring that the Board is satisfied (at least annually) that:

## **RISK MANAGEMENT POLICY**

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- 5.2.1. management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated and the managing director shall seek approval as to the identity of the delegates;
- 5.2.2. strategic and operational risks have been reviewed in all operational spheres as part of the annual strategic planning, business planning, forecasting and budgeting process.
- 5.3. Detailed internal control questionnaires are to be completed by the managing director in relation to financial and other reporting on a six monthly basis and provided to the Board to achieve compliance with section 295A of the Corporations Act. Due to its nature, an internal control assurance given for the purpose of section 295A can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

## **6. FINANCIAL**

The Company's financial situation is not complex. It relies on equity funds for exploration and administration purposes.

Quarterly cash flow reports and management accounts will be prepared and circulated to the Directors for review and consideration.

The Board must approve all material project expenditure.

The Company must maintain appropriate insurance cover. This includes cover in respect of workers' compensation, public liability, motor vehicles and property insurance. The Company may maintain travel insurance for the benefit of the traveller/traveller's next of kin.

The Company may obtain cover for Directors' and officers' liability, to the extent permitted by the Corporations Act.

The managing director must ensure that the Company implements appropriate procedures to back-up its financial and other electronic data and that the Company's physical records are held adequately safeguarded.

## **INVESTMENT RISKS**

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### **1. PREAMBLE**

This is the schedule of risk factors referred to in the Risk Management Policy.

It is divided into two sections: specific risks and general risks. Together they outline the principal risks involved in investing in the Company but they are not, by any means, exhaustive.

### **2. SPECIFIC RISKS**

#### **2.1. Reliance on Key Personnel**

The Company's success could be influenced by the core competencies of its directors and management, their familiarisation with, and ability to operate in, the metals and mining industry and the Company's projects. The Company relies heavily upon the services of Mr Clark and Mr Russell-Croucher.

The loss (or restricted access to availability) of either of Mr Clark and Mr Russell-Croucher, or other key persons or consultants, could have a materially adverse affect on the Company.

#### **2.2. Conflicts**

Where companies have common boards of directors (or even some directors in common) conflicts of interest can easily arise between such companies. This is especially important where the Company is in joint venture (or other contractual relationship) with such other companies. Reference should be made to the Company's most recent Annual Report together with subsequent dated ASX disclosure for details of such contracts.

#### **2.3. Expenditure Commitments**

Reference should be made to the Company's most recent Annual Report together with subsequent dated ASX disclosure for details of expenditure commitments (both statutory and contractual). Such commitments may not be met for many reasons (including: results not justifying the same within the relevant time constraint (or at all); and the prevailing market conditions) with the consequence that the Company's assets may be jeopardised.

#### **2.4. Tenement Interests & Access**

Where the Company's interest in tenements is contractual only (eg a joint venture), there is a risk that one or more of the Company's co joint venturers may be unwilling or unable to comply with the terms of a joint venture agreement. If this occurs, the Company may not be able to recover adequate damages or other amounts, which may have a material effect on the value of the Company and its shares.

## **INVESTMENT RISKS**

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The transfer of an interest in some tenements to the Company will often require consent under relevant legislation and there can be no guarantee that the necessary consent will be forthcoming.

Tenement holdings are continually evaluated (especially) following receipt of exploration results. It is to be expected that the Company will cease to maintain an interest in some or all of tenements in whole or in part from time to time.

### **2.5. Valuation of tenements & shares**

The Company's policy regarding the value at which it reflects its tenements holdings in its balance sheet does not rely on an independent valuation of the same and it is not the practice of the Company to commission a valuation of any tenement in which it has or is earning an interest and no representation is made in that regard.

The Company does not provide a valuation of its shares (or other securities) and no representation is made in that regard.

Investors and their advisers should invest only on the basis that tenements have an unknown value and must make their own assessment as to the value of shares in the Company.

### **2.6. Exemption Applications**

As part of normal operational practice, a number of applications for exemption from compliance with the minimum expenditure conditions prescribed by law in respect of some of tenements may be made from time to time. No assurance is given that any or all of these applications will be granted or, failing such grant, that tenements will not be forfeited for want of compliance with such expenditure conditions or, alternatively, that the holder will not be fined in lieu.

### **2.7. Exploration**

Exploration, by its very nature, is an inherently risky business. This is especially so of grass root exploration tenements which have had little or no on-ground prospecting or exploration activity undertaken on them. They are generally acquired on the basis of a hypothesis involving conceptual interpretation, often of remote sensing geophysical data or first pass geochemical surveys. The probability of a significant discovery being made is statistically low. Even where mineralisation has been identified, the probability of demonstrating an economic deposit is statistically remote. The potential rewards reflect these very high risks.

Ultimate success potentially depends on many factors including the establishment of an efficient exploratory operation, obtaining necessary access agreements, government, statutory and other approvals and discovery and delineation of economically recoverable mineral resources. The exploration activities of the Company may be affected by a number of factors including, but not limited to, obstruction to ground access, objections to the grant of tenements, geological conditions, seasonal

## **INVESTMENT RISKS**

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weather patterns, technical difficulties and failures, availability of the necessary technical equipment and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of funding.

There can be no assurances that the Company's current or future exploration activities will result in the discovery of mineral resources. Even if a mineral resource is identified, there can be no guarantee that it can be exploited.

On-ground access to tenements frequently requires agreement with Aboriginals and freehold landowners. There can be no guarantee that agreements will be obtained.

### **3. GENERAL RISKS**

#### **3.1. Introduction**

This section expands upon the above risks. Nevertheless, these two sections do not exhaustively list the risks that may have a material effect on the financial position and performance of the Company and the value of its securities, the Company's exploration, (and any future) development and mining activities, or ability to fund those activities.

An investment in the Company is speculative due to the nature of the Company's business. The Board recommends that potential shareholders consider the risks described below and information contained elsewhere in this manual, as well as consult with their professional advisors, before deciding whether or not to invest in the Company.

The value of any investment can go down as well as up and shareholders may lose their entire investment in the Company.

No representation is or can be made as to the future performance of the Company and there is no assurance that the Company will realise its aims.

#### **3.2. General, Economic and Political Conditions**

The value of the Company's securities is likely to fluctuate depending on various factors including, but not limited to: (a) inflation, (b) interest rates, (c) domestic and international economic growth, (d) changes to taxation legislation, interpretation and policies, (e) legislative change, (f) political stability, (g) disasters, (h) industrial disputes, (i) social unrest, (j) war on a local or global scale, (k) mining industry conditions, (l) stock market conditions in Australia and elsewhere, (m) changes in investor sentiment towards particular market sectors, (n) acts of God, and (o) acts of terrorism.

#### **3.3. Cultural Heritage**

The Company intends to be active in a number of jurisdictions throughout the world and is sensitive to the impact of the Company's activities on cultural heritage as well as the need to be aware of the legislative regime

## **INVESTMENT RISKS**

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in each jurisdiction dealing specifically with the rights of indigenous peoples, cultural heritage and indigenous land rights.

### **3.4. Tenements and Government Imposts**

Tenements are subject to legislative and regulatory requirements with respect to the processes for application, grant, conversion and renewal. Tenements are also subject to the payment of annual rent and the meeting of minimum annual expenditure or work commitments. There is no guarantee that any applications, conversions or renewals will be granted. Any inability of the Company to meet rent and expenditure requirements may adversely affect the standing of its tenements.

### **3.5. Commodity and Currency Price Volatility**

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of the Company, including global and regional demand for, and supply of, a particular commodity, forward selling by producers and the level of production costs in major commodity-producing regions. Commodity prices are also affected by macroeconomic factors such as expectations regarding inflation and interest rates. Commodities are principally sold throughout the world in US dollars.

As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian and US dollars, and/or adverse movements in commodity prices could have a materially adverse affect on the Company's financial position and performance. The Company may undertake measures deemed necessary by the Board to mitigate such risks.

### **3.6. Development and Mining**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineral resources, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

In the event that the Company commences production:

- its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents;

## **INVESTMENT RISKS**

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- assumptions in the mining models may prove to be wrong including because of changes in economic circumstances or fluctuations in the unitary parameters referred to above;
- accordingly, for these and other reasons, no assurances can be given that the Company will achieve commercial viability through the development and/or mining of its projects.

### **3.7. Environment**

The Company's projects are subject to the laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all exploration and mining projects, the Company's projects are expected to have a variety of environmental impacts. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws and regulations.

### **3.8. Shortage of Capital**

The Company will require capital to fund its activities including potentially exploration, the undertaking of feasibility studies, developing mining operations, meeting its future obligations and/or acquiring new projects. The Company's ability to raise further capital, either equity or debt, within an acceptable time, of sufficient quantum and on terms acceptable to the Company will vary according to a number of factors, including:

- (a) prospectivity of projects (existing and/or future);
- (b) the results of exploration, subsequent feasibility studies, development and mining;
- (c) stock market and industry conditions; and
- (d) the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms, or at all. If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects or assume further obligations in the future.

### **3.9. Liquidity and Realisation Risks**

There can be no guarantee that an active market in the Company's shares will develop or that the price of shares will increase. Moreover, there may be relatively few buyers or a relatively high number of sellers of the shares on the ASX at any given time, which may increase not only the volatility of the market price of the shares but also depress the prevailing market price at which shareholders can sell their shares. This may result in shareholders receiving a market price for their shares that is less than the price paid for their shares.



## **SHAREHOLDER COMMUNICATION POLICY**

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The Board is to ensure that the shareholders are informed of all major developments affecting the Company. For so long as the law requires, shareholders will be entitled to elect to receive the Company's annual report by email or post, and may also request copies of the Company's half-yearly and quarterly reports.

It is the Company's desire that shareholders receive communications electronically in the interests of the environment and constraining costs. In an endeavour to drive this objective the Company has a policy of providing hard materials at least cost (which will generally involve a black & white presentation even where the electronic version is full colour).

The Company encourages shareholders to attend all general meetings of the Company.

The Company must maintain a website on which the following information is to be available on a regular and up to date basis:

1. Company announcements (for last three years);
2. information briefings to media & analysts (for last three years);
3. notices of meetings and explanatory materials;
4. financial information (for last three years);
5. annual reports (for last three years);
6. its Constitution; and
7. its board charter, nominations committee charter, remuneration committee charter and audit committee charter and corporate governance policies.

## **CONTINUOUS DISCLOSURE POLICY**

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The Company's Board is to ensure that the market is properly informed of all information that must be disclosed under the ASX Listing Rules and the Corporations Act.

Every person who is at risk of being involved in the Company contravening its continuous disclosure obligation arising in respect of particular information must ultimately take responsibility for ensuring compliance.

There must at all times be a system in place to collect and process information (**Material Information**) that could conceivably enliven the continuous disclosure obligation. In doubtful cases disclosure should be made immediately.

Where it is determined that information should be conveyed to the ASX it will be the **Disclosure Officer** who will be the point of contact with the ASX. Except in extraordinary circumstances the Company Secretary will be the Disclosure Officer.

The obligation to keep the Disclosure Officer fully informed of any significant internal issue relating to or affecting the Company is central to the training and development of all the Company employees and contractors and consultants.

### **Every person shall be accountable for ensuring that:**

1. all staff reporting them do, as soon as reasonably practicable, report any 'material' event or development within their area of responsibility to their manager and to one or more of the Chair and/or Company Secretary;
2. each department or work area within his or her division or area of responsibility carries out, or is involved in, a review to discuss and agree upon the types of events or developments that are most likely to be 'material' and potentially required to be disclosed, and
3. he or she reports immediately any event or development that he or she believes may potentially be the subject of the continuous disclosure obligation.

**An employee of or contractor to the Company must not discuss material information outside the Company unless he/she is required to do so in the discharge of his/her duties.**

The Company is to place all relevant announcements and other information, including analysts' briefings, on its website once the information has been given to ASX and the usual acknowledgment has been received that the announcement has been released.

The Company's directors, employees, contractors and consultants are also required to ensure that all Material Information is not released to some shareholders or analysts but not to others.

As a listed company, the Company must not release information that is for release to the market to any person until it has given that information to the ASX and received an acknowledgment from the ASX that it has released the information to the market (Listing rule 15.7).

## **OH&S POLICY**

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## **CORPORATE ENVIRONMENTAL AND SOCIAL RESPONSIBILITY POLICY**

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The health and safety of all personnel operating on the Company's sites is of great importance to the Company.

For the purposes of this policy, '**employee**' includes any consultant or contractor to the Company.

No employee is expected to carry out activities that he or she reasonably considers to be unsafe.

Each employee has a responsibility to work safely and address health and safety concerns as soon as they arise.

The Company's objective is to conduct operations in an efficient way while providing:

1. a safe and healthy workplace;
2. information on the hazards of the workplace and training in how to work safely, and
3. consultation at all staff levels on health and safety matters.

The responsibility for health and safety performance, including training for each employee, rests with the Company's Board and management. The identification of potential health and safety risks will require ongoing review by employees, management and the Board.

## CORPORATE ENVIRONMENTAL AND SOCIAL RESPONSIBILITY POLICY

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The Company seeks to engage in conscientious activity giving full consideration to the social significance of the Company's presence in the community. The Company seeks to maintain environmentally sound and efficient management practices for its operating, exploration and mining activities. The Company considers corporate environmental and social responsibility a means of contributing to society and the environment through our business.

The Company's objectives are to:

1. comply with the applicable environmental laws, regulations, tenement and permit conditions as a minimum standard for its environmental practices and management procedures;
2. integrate environmental and rehabilitation processes into its exploration, mine planning, mining and metallurgical activities;
3. communicate meaningfully with government bodies, statutory authorities, local communities and environmental management groups to maintain a proactive stance on environmental and community issues;
4. address the concerns of not only economic stakeholders but also social, environmental and other stakeholders;
5. listen to the community, identify social impacts and work with the community to minimize those impacts;
6. facilitate education of employees and contractors in relation to their roles and responsibilities in environmental management with respect to the Company's activities;
7. contribute to the building of thriving communities and respect the culture of our host countries and communities;
8. welcome community participation in our business through employment and consideration of commercially sound business opportunities;
9. undertake planning for the day that the Company leaves the community with a view to ensuring that the transition is positive; and
10. undertake regular monitoring, audit and review of procedures or practices, as appropriate, to reflect the Company's corporate responsibility in environmental and social matters; and
11. provide sufficient resources to achieve the levels of environmental management protection and community building required, including capacity for continuous improvement.

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved. For the purposes of this policy, '**employee**' includes any consultant or contractor to the Company.

# **WHISTLEBLOWER POLICY**

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## **1. PREAMBLE**

This policy establishes a process through which employees and others, either directly or anonymously, can notify the company secretary or the chairman of concerns pertaining to the Company's compliance with acceptable standards of conduct, absence of honesty or integrity.

Every employee has the responsibility to notify concerns re violations of acceptable standards of conduct, honesty or integrity.

Even the best systems of control and procedures, however, cannot provide absolute safeguards against such violations.

## **2. REPORTING ALLEGED VIOLATIONS OR CONCERNS**

If an employee reasonably believes that any employee of the Company or other person acting on behalf of the Company has violated any legal or regulatory requirements or internal policy relating to accounting standards and disclosures, internal accounting controls, or matters related to the internal or external audit of the Company's financial statements, the employee should immediately report his or her concern to the company secretary or the chairman.

If an employee is not comfortable reporting a concern to either the company secretary or the chairman, he or she should report the concern to any supervisor or member of management whom he or she is comfortable approaching. Any manager or other supervisory employee who receives a report of an alleged violation must immediately forward the report to the company secretary or the chairman. The company secretary or the chairman will communicate all reports of alleged violations to the Board.

Reports of alleged violations may be submitted anonymously. All reports of alleged violations, whether or not they were submitted anonymously, will be kept in strict confidence to the extent possible, consistent with the Company's need to conduct an adequate investigation.

Reports of alleged violations should be candid, factual (rather than speculative) and should contain as much specific detail as possible to allow for proper assessment. The Company may, in its reasonable discretion, determine not to commence an investigation if a complaint contains only unspecified or broad allegations of wrongdoing without appropriate factual support.

## **3. INVESTIGATION OF COMPLAINTS**

Upon receipt of a complaint alleging a violation, the Board, or a designated member of the Board, will make a determination as to whether a reasonable basis exists for commencing an investigation into the conduct alleged in the complaint. If the Board or its designated member concludes that an investigation is warranted, it shall take appropriate measures to implement a thorough investigation of the allegations.

At each meeting of the Board of Directors, the Board will discuss the status of any ongoing investigation and review the resolution of each complaint

## **WHISTLEBLOWER POLICY**

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submitted, whether or not the complaint resulted in the commencement of a formal investigation.

### **4. CORRECTIVE ACTION**

The Board is ultimately responsible for determining the validity of each complaint and fashioning, with the input of its advisors and the Company's management, if requested, the appropriate corrective action. The Board shall report any legal or regulatory non-compliance to the Company's management and ensure that management takes corrective action including, where appropriate, reporting any violation to relevant governmental authorities.

Any director, officer, or employee deemed to have violated any law, rule or regulation, or any internal policy regarding accounting standards and disclosures, internal accounting controls, or matters related to the internal or external audit of the Company's financial statements, may be subject to disciplinary action, up to and including termination.

### **5. NO RETALIATION**

Employees should feel confident to report violations as described above or to assist in investigations of such alleged violations. The Company will not tolerate retaliation or discrimination of any kind by or on behalf of the Company and its employees against any employee making a good faith complaint of, or assisting in the investigation of, any violation of government laws, rules, or regulations or any of the Company's policies.

### **6. COMPLIANCE WITH THIS POLICY**

All employees must follow the procedures outlined in this policy and cooperate with any investigation initiated pursuant to this policy. Adhering to this policy is a condition of employment. The Company must have the opportunity to investigate and remedy any alleged violating or employee concerns, and each employee must, to the extent he or she has the capacity to assist, ensure that the Company has an opportunity to undertake such an investigation.

This policy does not constitute a contractual commitment of the Company. This policy should not be construed as preventing, limiting, or delaying the Company from taking disciplinary action against any individual, up to and including termination, in circumstances (such as, but not limited to, those involving problems of performance, conduct, attitude, or demeanour) where the Company deems disciplinary action appropriate.

This policy in no way alters an employee's at-will employment status with the Company. Either the Company or an employee can terminate the employment relationship at the Company at any time, subject to that employee's employment contract and applicable legislation and regulation.

## **DIVERSITY POLICY**

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The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Company's strategies are to:

1. recruit and manage on the basis of an individual's competence, qualification and performance;
2. create a culture that embraces diversity and that rewards people to act in accordance with this policy;
3. appreciate and respect the unique aspects that individual brings to the workplace;
4. foster an inclusive and supportive culture to enable people to develop to their full potential;
5. identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
6. take action to prevent and stop discrimination, bullying and harassment;
7. recognise that employees at all levels of the Company may have domestic responsibilities and as a result, the company aims to adopt flexible working arrangements that will assist employees to meet those responsibilities; and
8. have at least one female appointed to a senior executive role, senior executives including directors, the company secretary and senior management.

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved.

## **AUDIT COMMITTEE POLICY CHECKLIST**

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Annual responsibilities of the committee are as set out in these Audit Committee Action Points.

### **Audit Committee Action Points**

#### Financial Reporting and Internal Controls

- Review half-year and annual financial statements
- Consider management's selection of accounting policies and principles
- Consider the external annual audit and the half-yearly audit review of the financial statements
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised)

#### Annual meeting with External Auditor

- Discuss the Company's choice of accounting policies and methods, and any recommended changes
- Discuss the adequacy and effectiveness of the Company's internal controls
- Discuss any significant findings and recommendations of the external auditor and management's response thereto
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information

#### External Auditor Engagement

- Establish/review criteria for the selection, appointment and rotation of external auditor
- Recommend to the Board to appoint and replace the external auditor and approve the terms on which the external auditor is engaged
- Establish/review permissible services that the external auditor may perform for the company and pre-approve all audit/non-audit services
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees
- Ensure that the external auditor is requested to attend the AGM of the Company and is available to answer questions from shareholders

#### Internal Communications and Reporting

- Provide an annual report that includes the committee's review and discussion of matters with management and the external auditor
- Regularly update the Board about committee activities and make appropriate recommendations



## **AUDIT COMMITTEE POLICY CHECKLIST**

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- Ensure the Board is fully informed of matters which may significantly impact the financial conditions or affairs of the business

### Other

- Verify the membership of the committee is in accordance with the Audit Committee Policy
- Review the independence of each committee member based on ASX Recommendations
- Review and update the Audit Committee Action Points
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls and auditing matters