



# METEORIC RESOURCES

**METEORIC RESOURCES NL  
(COMPANY)  
ACN 107 985 651**

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**CORPORATE GOVERNANCE & POLICIES MANUAL  
(ADOPTED 7 SEPTEMBER 2009)  
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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 appeared 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 establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
- 1.2. Companies should disclose the process for evaluating the performance of senior executives.
- 1.3. Companies should provide the information indicated in the Guide to Reporting on Principle 1.

## 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. A majority of the board should be independent directors.
- 2.2. The chair should be an independent director.
- 2.3. The roles of the chair and chief executive officer (or equivalent) should not be exercised by the same individual.
- 2.4. The board should establish a Nomination Committee.
- 2.5. Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.
- 2.6. Companies should provide the information indicated in Guide to Reporting on Principle 2.

## 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Companies should actively promote ethical and responsible decision-making.

### Recommendations

- 3.1. Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:
  - 3.1.1. the practices necessary to maintain confidence in the Company's integrity

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

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- 3.1.2. the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- 3.1.3. the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- 3.2. Companies should establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.
- 3.3. Companies should provide the information indicated in Guide to Reporting on Principle 3.

### **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 should establish an Audit Committee.
- 4.2. The Audit Committee should be structured so that it:
  - 4.2.1. consists only of non-executive directors;
  - 4.2.2. consists of a majority of independent directors;
  - 4.2.3. is chaired by an independent chair, who is not chair of the board;
  - 4.2.4. has at least three members.
- 4.3. The Audit Committee should have a formal charter.
- 4.4. Companies should provide the information indicated in Guide to Reporting on Principle 4.

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

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

#### **Recommendations**

- 5.1. Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

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

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- 5.2. Companies should provide the information indicated in the Guide to Reporting on Principle 5.

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

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

#### **Recommendations**

- 6.1. Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
- 6.2. Companies should provide the information indicated in the Guide to Reporting on Principle 6.

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

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

#### **Recommendations**

- 7.1. Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- 7.2. The board should require 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 board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
- 7.3. The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and 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.
- 7.4. Companies should provide the information indicated in Guide to Reporting on Principle 7.

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

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### **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 should establish a Remuneration Committee.
- 8.2. Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
- 8.3. Companies should provide the information indicated in Guide to Reporting on Principle 8.

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

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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. Code of conduct
5. Securities trading policy
6. Securities trading rules
7. Risk management policy
8. Investment risks
9. Shareholder communication policy
10. Continuous disclosure policy
11. OH&S policy
12. Environmental policy
13. Whistleblower policy

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

The CFO 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 of the Company and the Company Secretary;
  - 2.2.2. input into and final approval of management's development 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, and ensuring appropriate resources are available;
- 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;
- 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

## **BOARD CHARTER**

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external auditor when 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, native title, 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;
  - 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).

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**

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

## **BOARD CHARTER**

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### **5. 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.

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.

### **6. ACCESS TO INDEPENDENT ADVICE**

6.1. 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.

6.2. 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).

6.3. The advice is to be made immediately available to all Board members other than to a director against whom privilege is claimed.

### **7. 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

## **BOARD CHARTER**

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concerns the managing director, then directly to the chair or the lead independent director, as appropriate.

### **8. MATERIALITY THRESHOLD**

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

#### **8.1. 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.

#### **8.2. Materiality – Qualitative**

Items are also material if:

- 8.2.1. 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;
- 8.2.2. they impact on the reputation of the Company;
- 8.2.3. they involve a breach of legislation;
- 8.2.4. they are outside the ordinary course of business;
- 8.2.5. they could affect the Company's rights to its assets;
- 8.2.6. if accumulated they would trigger the quantitative tests;
- 8.2.7. they involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items;  
or
- 8.2.8. 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%.

#### **8.3. Material Contracts**

Contracts will be considered material if:

- 8.3.1. they are outside the ordinary course of business;
- 8.3.2. they contain exceptionally onerous provisions in the opinion of the Board;

## BOARD CHARTER

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- 8.3.3. they impact on income or distribution in excess of the quantitative tests;
- 8.3.4. there is a likelihood that either party will default, and the default may trigger any of the quantitative tests;
- 8.3.5. 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;
- 8.3.6. they contain or trigger change of control provisions;
- 8.3.7. they are between or for the benefit of related parties; or
- 8.3.8. 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.

### **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.

## **AUDIT POLICY**

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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 two 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.

## 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 "key management personnel"; and
- 2.2. employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

The expression "**key management personnel**" (AASB Standard 124) means those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

While directors of an entity are expressly captured (even if non-executive) no useful guidance is provided in AASB 124, to enable an entity to determine which persons come within the ambit of the expression. In the result the expression is vague, ambiguous and, hence, unhelpful and all one can do is look to apparent object and policy the legislation (that adopts the definition) and the AASB 124 in order to decide which persons or entities fall within the definition and which do not – naturally this requires an element of judgement.

## 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. KEY MANAGEMENT REMUNERATION AND INCENTIVES

The CFO shall determine the identity of the persons and entities comprising the Key Management Personnel then discuss this with the auditors to ensure that agreement is reached.

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 Key Management Personnel and others as considered appropriate to be singled out for special attention, which:

## **REMUNERATION POLICY**

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- 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;
- 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;
- 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;

and 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.

# 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, native title 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 or the listed securities of another entity 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 or the securities of another entity;

6.1.2. has complied with paragraph 8.

## **SECURITIES TRADING RULES**

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### **7. WHEN A DESIGNATED OFFICER MAY NOT DEAL**

- 7.1. A Designated Officer may not deal or procure another person to deal in Company Securities if:
- 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 8.
- 7.2. A Designated Officer may not deal or procure another person to deal in 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 those securities.

### **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**

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.

### **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.
- 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.

## **SECURITIES TRADING RULES**

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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.

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

## **SECURITIES TRADING RULES**

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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.

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. BREACH OF POLICY**

14.1. A breach of this policy by an employee or a contractor can be expected to:

14.1.1. lead to disciplinary action, generally in the form of dismissal or termination of the relationship at first lawful instance;

14.1.2. be reported to the authorities for investigation if the circumstances warrant, in the view of the Company.

### **15. DISTRIBUTION OF POLICY**

15.1. 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.

### **16. 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.

## **RISK MANAGEMENT POLICY**

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- 5.2. The managing director is responsible for ensuring that the Board is satisfied (at least annually) that:
  - 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 Messrs Sakalidis and Thomson.

Each of Messrs Sakalidis and Thomson hold executive director positions with ASX listed Emu Nickel NL, Image Resources NL, Meteoric Resources NL and Magnetic Resources NL.

Mr Sakalidis is chairman of unlisted Imperium Minerals NL.

Collectively these positions impose considerable demands on their time. The loss (or restricted access to availability) of one or both of these persons, 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:

2.3.1. results not justifying the same within the relevant time constraint (or at all); and

2.3.2. the prevailing market conditions;

with the consequence that the Company's assets may be jeopardised.

## INVESTMENT RISKS

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### 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.

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

## **INVESTMENT RISKS**

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

Prospective shareholders should have the financial ability and willingness to accept the risks and possible lack of liquidity associated with an investment in a company of the type described in this prospectus. The Shares are only suitable for investors who understand the potential risk of capital loss, for whom an investment in the Shares constitutes part of a diversified investment portfolio, and who fully understand and are willing to assume the risks involved in investing 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.

## INVESTMENT RISKS

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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. Native Title & Aboriginal Heritage - Aboriginal Sites of Significance

The Company's activities in Australia are subject to the Native Title Act and its interpretation.

The Native Title Act legally recognises the title rights of indigenous Australians over areas where those rights have not been lawfully extinguished. State and Commonwealth native title legislation regulates the recognition, application and protection of native title. Native title may affect the status, renewal and conversion of existing tenements and the granting of new tenements. Indigenous land use agreements, including terms of compensation, heritage survey and protection agreements or other agreement types may need to be negotiated with affected parties.

The Native Title Act prescribes procedures applicable to the grant of tenements which apply even in the case of, for instance, a granted exploration licence being "converted" to, say, a mining lease. Compensation may become payable in respect of any impact which the grant of any tenements or other activities have on native title. A tenement holder may be liable for the payment of compensation for the affect of mining and exploration activities on any native title rights and interests that exist in the area covered by a tenement. Compensation may be payable in forms other than money, including the transfer of property and the provision of goods and services.

It is not currently possible to assess whether compensation will be payable by the Company to native title holders in relation to any of the Tenements but such compensation could be significant.

There may be sites and objects of significance to indigenous Australians located on the land relating to the Company's tenements. State and Commonwealth Aboriginal heritage legislation aims to preserve and protect these sites and objects from use in a manner inconsistent with Aboriginal tradition. The Company proposes carrying out 'clearance surveys' before conducting any exploration work that would disturb the surface of the land. The Company's Tenements may contain some such sites of significance, which would need to be avoided or cause delays. It

## INVESTMENT RISKS

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is possible that areas containing mineralisation or an economic resource may also contain sacred sites, in which case they may remain unexploited. Access agreements will need to be negotiated with affected parties.

Native title, Aboriginal heritage or other indigenous matters are matters of very substantial risk (giving rise to the threat that certain tenements may not be granted, access to certain tenements may be denied or delayed in addition to potentially significant cost exposure in respect of things such as negotiations, surveys, "incentive payments", compensation payments and "facilitation payments" to name but a few) as the legislative framework provides tortuous and frequently uncertain routes to the endeavour by both stakeholders (that is explorers/miners and indigenous peoples) to attain certainty.

It is not possible to quantify the financial or other impact native title and Aboriginal heritage will have upon the Company as, amongst other things, the processes involved with:

- (a) identifying all and only the indigenous peoples with a relevant interest;
- (b) registering an indigenous land use agreement;
- (c) obtaining access to land without infringing the provisions of the Aboriginal Heritage Act;

are open ended, can involve substantial delay and cost and there can be no certainty as to the outcome with it being possible for projects to be entirely frustrated.

This could be the case, for instance, even in circumstances where:

- (a) a native title party consents to the grant of an exploration licence and assists the exploration endeavour thereon (and the discovery of an otherwise economic deposit);
- (b) the Company, in order to exploit that discovery, applies for a mining lease (or other required approval, consent, authority etc.) but such grant, approval, consent or authority is not forthcoming by reason of an objection by the same or another native title party.

### 3.4. Freehold Access

The interests of holders of freehold land encroached by the tenements are given special recognition by the Mining Act (WA). As a general proposition, a tenement holder must obtain the consent of the owner of freehold before conducting operations on the freehold land. There can be no assurance that the Company will secure rights to access those portions of the tenements encroaching freehold land but, importantly, the grant of freehold extinguishes native title so wherever tenements encroach freehold the Company is in the position of not having to abide

## INVESTMENT RISKS

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by the Native Title Act albeit aboriginal heritage matters remain of concern.

### 3.5. 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.

### 3.6. 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.

### 3.7. 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.

### 3.8. Environment

The Company's projects are subject to Australian State and Commonwealth 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.

### 3.9. 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.

### 3.10. Industry Risks

The Company's activities will be subject to the Native Title Act, and its interpretation. Native title and Aboriginal land rights may affect the Company's ability to gain access to prospective exploration areas or its ability to obtain mining titles.

Compensatory/compromise obligations may be assumed in relation to settling native title claims lodged over any of the Tenements held or acquired by the Company. The level of impact of these matters will depend, in part, upon the location and status of tenements. Uncertainty associated with native title issues may affect the Company's plans.

## **INVESTMENT RISKS**

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### 3.11. 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 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); and
5. annual reports (for last three years).

## 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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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.

## ENVIRONMENTAL POLICY

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The Company seeks to maintain environmentally sound and efficient management practices for its operating, exploration and mining activities.

The Company's is 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. liaise with government bodies, statutory authorities, local communities and environmental management groups to maintain a proactive stance on environmental issues;
4. facilitate education of employees and contractors in relation to their roles and responsibilities in environmental management with respect to the Company's activities;
5. undertake regular monitoring, audit and review of environmental procedures or practices, as appropriate, to reflect the Company's corporate responsibility in environmental matters, and
6. facilitate the education of employees and contractors in relation to their roles and responsibilities in environmental management with respect to the Company's activities.

For the purposes of this policy, '**employee**' includes any consultant or contractor to the Company. Each employee has a responsibility to ensure that these objectives are achieved.

# 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.

## **WHISTLEBLOWER POLICY**

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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 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, for any reason or no reason, with or without cause, warning, or notice.

## 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