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**CORPORATE GOVERNANCE & POLICIES MANUAL**  
REVIEWED 10 SEPTEMBER 2019

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## **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 Committee Charter
3. Remuneration Committee Charter
4. Nomination Committee Charter
5. Code of Conduct
6. Code of Conduct for Directors and Executives
7. Securities Trading Policy
8. Risk Management Policy
9. Shareholder Communication Policy
10. Continuous Disclosure Policy
11. Diversity Policy

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

The Company Secretary is to maintain (and submit to the Board for adoption) compliance checklists to assist in instilling the culture contemplated by and in compliance with the ASX Recommendations.

# **BOARD CHARTER**

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## **1. ROLE**

The Board's primary role is to represent shareholders and to promote and protect the interests of De Grey Mining Limited by governing the Company.

## **2. COMPOSITION**

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

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

## **3. RESPONSIBILITIES OF THE BOARD AND MANAGEMENT**

To fulfil its role, the Board is responsible for:

- overseeing the Company's commitment to the health and safety of employees and contractors, the environment and sustainable development;
- overseeing the activities of the Company, including its control and accountability systems;
- appointing and removing the Managing Director, Company Secretary, and other senior executives, evaluating their performance, reviewing their remuneration and ensuring an appropriate succession plan;
- setting the strategic objectives of the Company and monitoring its progress against those objectives;
- reviewing, ratifying and monitoring systems of risk management and internal control;
- setting the operational and financial objectives and goals for the Company;
- ensuring that there are effective corporate governance policies and practices in place;

## **BOARD CHARTER continued**

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- approving and monitoring budgets, capital management and acquisitions and divestments;
- approving and monitoring all financial reporting to the market;
- appointing external auditors and principal professional advisors; and
- making formal determinations required by the Company's constitutional documents or by law or other external regulation.

These responsibilities are designed to provide strategic guidance for the Company and effective oversight management.

Beyond those matters, the Board has delegated all authority to the Managing Director for management of the Company's business within any limits imposed by the Board.

### **4. RESPONSIBILITIES OF INDIVIDUAL DIRECTORS**

#### **The Chair**

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

#### **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.

### **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 directly to the consultant, if used, with the results in aggregate then communicated to the Chair of the Board. The Board 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.

## **BOARD CHARTER continued**

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

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 of that advice from the Company.

The advice shall only be sought after consultation about the matter with the Chair (where it is reasonable that the Chair be consulted) or, if it is the Chair that wishes to seek the advice or it is unreasonable that he is consulted, another director.

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

# AUDIT COMMITTEE CHARTER

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## 1. COMPOSITION

An Audit Committee is to be maintained, comprising at least two non-executive directors with at least one director also being independent, if possible.

The Audit Committee should be of sufficient size, independence and technical expertise to discharge its mandate effectively.

The Audit Committee will appoint a Secretary to the Committee.

## 2. ROLE

The role of the Audit Committee is to safeguard the integrity of the Company's financial reporting and oversee the independence of the external auditors.

## 3. OPERATIONS

The Audit Committee is to meet at least annually and otherwise as required. Minutes of all meetings of the Audit Committee are to be kept.

## 4. RESPONSIBILITIES

The charter of the Audit Committee is to:

- review the annual, half-year and concise (if any) financial reports and other financial information distributed externally, including new accounting policies, to ensure compliance with International Accounting Standards and generally accepted accounting principles;
- monitor corporate risk assessment processes;
- consider whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor is to provide an annual declaration of independence;
- monitor the Company's external auditors from year to year to ensure independence and quality of service. Any need for change will result in seeking proposals from suitably experienced firms;
- require external auditors to comply with the rotation requirements outlined in the Corporations Act (no more than five straight years or five years in seven with a two year break);
- monitor the establishment of appropriate ethical standards;
- monitor the procedures to ensure compliance with the Corporations Act and the ASX Listing Rules and all other regulatory requirements;
- address any matters outstanding with auditors, Australian Taxation Office (**ATO**), Australian Securities and Investments Commission (**ASIC**), ASX Limited (**ASX**) and financial institutions;
- review the performance of the external auditors on an annual basis and meet with them during the year as follows:

## **AUDIT COMMITTEE CHARTER continued**

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- to discuss the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- to review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings;
- to recommend Board approval of these documents and to finalise half-year and annual reporting;
- review the results and findings of the auditor, the adequacy of accounting and financial controls and to monitor the implementation of any recommendations made;
- review the draft financial report and recommend Board approval of the financial report; and
- organise, review and report as required on any special reviews or investigations deemed necessary by the Board.

# REMUNERATION COMMITTEE CHARTER

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## 1. COMPOSITION

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

The Company Secretary shall be the secretary of the Remuneration Committee.

## 2. OPERATIONS

Remuneration Committee meetings will be held not less than once a year to enable the Remuneration Committee to undertake its role effectively.

## 3. ROLE

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

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

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

The Remuneration Committee is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Remuneration Committee.

The Remuneration Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Remuneration Committee if it considers this necessary.

The Remuneration Committee is required to make recommendations to the Board on all matters within the Remuneration Committee's charter. When making its recommendations, the Remuneration Committee should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.

## 4. REPORTING PROCEDURES

The Remuneration Committee is to meet at least annually and otherwise as required. Minutes of all meetings of the Remuneration Committee are to be kept.

## REMUNERATION COMMITTEE CHARTER continued

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### 5. RESPONSIBILITIES

The duties of the Remuneration Committee are to:

- assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for directors and senior executives;
- assess the market to ensure that senior executives are being rewarded commensurate with their responsibilities;
- obtain the best possible advice in establishing salary levels;
- set policies for senior executives' remuneration;
- review the salary levels of senior executives and make recommendations to the Board on any proposed increases;
- review recommendations from the Managing Director relating to proposed merit increases;
- propose, for full Board approval, the terms and conditions of employment for the Managing Director;
- undertake a review, which will be reported to and confirmed by the full Board, of the Managing Director's performance, at least annually, including setting the Managing Director's goals for the coming year and reviewing progress in achieving those goals;
- review and report to the Board recommendations from the Managing Director on each senior executive's performance evaluation;
- set the criteria for negotiating any enterprise bargain agreement;
- review the Company's recruitment, retention and termination policies and procedures for senior management;
- review and make recommendations to the Board on the Company's incentive schemes;
- review and make recommendations to the Board on the Company's superannuation arrangements; and
- review the remuneration of both executive and non-executive directors and make recommendations to the Board on any proposed changes.

# **NOMINATION COMMITTEE CHARTER**

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## **1. COMPOSITION**

The full Board carries out the duties that would normally fall to the Nomination Committee.

## **2. ROLE**

The role of the Nomination Committee is to identify and recommend candidates to fill casual 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 Nomination Committee is to meet at least annually and otherwise as required. Minutes of all meetings of the Nomination Committee are to be kept.

## **4. RESPONSIBILITIES**

The responsibilities of the Nomination Committee are:

- 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;
- to provide new directors with an induction to the Company;
- to provide all directors with access to ongoing education relevant to their position in the Company;
- to provide a succession plan for directors and the Managing Director in order to maintain an appropriate mix of skills, experience, expertise and diversity on the Board;
- to evaluate the performance of the Managing Director;
- to review time required for non-executive directors to perform their duties;
- to 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;
- before recommending an incumbent, replacement or additional director, to 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;
- to assist in identifying, interviewing and recruiting candidates for the Board including reviewing whether professional intermediaries should be used to identify candidates;
- to annually review and report to the Board on the proportion of women at all levels of the Company; and
- to annually review the composition of each committee and present recommendations for committee memberships to the Board as needed.

# CODE OF CONDUCT

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Each Company employee should apply the principles of the Code to relationships with each other, with our employer and with all those with whom we deal in our work for the Company. Our Code is a guide for the way we operate.

When representing the Company, we will abide by the following minimum standards.

## **1. We treat each other with respect and dignity**

- We maintain a safe and fair work environment.
- Everyone is entitled to be treated with respect as a person, regardless of role or individual differences.
- We value our people and their personal commitment to delivering value to shareholders.
- We encourage co-operation, learning and growth in all who work with us.
- We strive to understand and respond to the needs of the Company's stakeholders.

## **2. We respect the law and act accordingly**

- We respect the laws, customs and business practices of the communities in which we operate, but do not compromise the principles embodied in this Code.
- We notify the Managing Director or another Board member immediately of any breach of the law.
- In interpreting the law, we adopt a course which preserves integrity.

## **3. We are fair and honest in our dealings**

- We are fair and honest even when we believe others will not know of our actions.
- Honesty, for us, means not using coercive or misleading practices or falsifying or wrongfully withholding information.
- We do not place ourselves in situations in which our private interests could conflict directly or indirectly with our obligations to the Company.
- We do not accept benefits such as gifts or entertainment when the situation could be seen as creating an obligation.
- We do not act in ways which may cause others to question our loyalty to the Company.

## **4. We use the Company's property responsibly and in the best interest of the Company and its reputation**

- We do not use Company funds to provide unreasonable benefits such as gifts or entertainment for ourselves or others.
- We use the Company's property for the Company's business purposes.

## **CODE OF CONDUCT continued**

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### **5. We are responsible for our actions and accountable for their consequence**

- We take personal responsibility for all issues over which we have control and the manner in which these are achieved.

### **6. We are responsible to the community and to the individual**

- We use our best endeavours to ensure a safe work place and maintain proper occupational health and safety practices.
- We recognise and respect our responsibilities to the communities in which we operate.
- We recognise the rights of individuals and to the best of our abilities will comply with the applicable legal rules regarding privacy, privilege, and private and confidential information. We do not tolerate harassment, discrimination or bullying in the workplace.

## **CODE OF CONDUCT FOR DIRECTORS AND EXECUTIVES**

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All directors and executives will act in accordance with the following:

1. Actively promote the highest standards of ethics and integrity in carrying out their duties for the Company.
2. Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company.
3. 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.
4. Deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates.
5. 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.
6. Report any breach of this Code of Conduct to the Chair, who will treat reports made in good faith of such violations with respect and in confidence.

This Code of Conduct is in addition to the Corporate Code of Conduct which has been adopted by the Board of the Company.

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## 1. Introduction

The shares of De Grey Mining Ltd (**Company**) are listed on the Australian stock exchange.

This policy outlines:

- (a) when directors, senior management and other employees of the Company may deal in Company Securities;
- (b) when directors, senior management and other employees of the Company may deal in securities of another publicly traded entity (because they may obtain inside information about another entity's securities while performing their duties for the Company); and
- (c) procedures to reduce the risk of insider trading.

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## 2. Defined terms

In this policy:

**Black Out Periods** means:

- (a) two weeks prior to, and 48 hours after the release of the Company's Annual Financial Report;
- (b) two weeks prior to, and 48 hours after the release of the Half Year Financial Report of the Company; and
- (c) two weeks prior to, and 48 hours after the release of the Company's quarterly reports (if applicable); and
- (d) such other periods as the Company may notify from time to time, for example, where the Company was considering a major transaction that could have a material effect on the stock price.

**Clearance Officer** means a person appointed by the Company from time to time who is responsible for processing the securities dealing clearance in various locations.

**Company Securities** includes shares, debentures, rights, options and any other financial products of the Company or any of its subsidiaries.

**Designated Person** means a director or person engaged in the management of the Company, whether as an employee or consultant, and any other person who, from time to time, is notified by the Company that they are deemed a designated person.

**Securities Dealing Clearance Request** means the form set out as Attachment B to this policy.

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## 3. Insider Trading

If a person has information about securities and the person knows, or ought reasonably to know, that the information is inside information, it is illegal for the person to:

- (a) deal in the securities;
- (b) procure another person to deal in the securities; or
- (c) give the information to another person (also known as "tipping") who the person knows, or ought reasonably to know, is likely to:

- (i) deal in the securities; or
- (ii) procure someone else to deal in the securities.

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.

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.

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## 4. What is inside information?

Inside information is information that:

- (a) is not generally available; and
- (b) 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.

Information is generally available if it:

- (a) is readily observable;
- (b) 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
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs 4(a) or 4(b) above.

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## 5. What is dealing in securities?

Dealing in securities includes:

- (a) applying for, acquiring, or disposing of, securities;
- (b) entering into an agreement to apply for, acquire, or dispose of, securities; and
- (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of securities.

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## 6. When employees may deal

An employee (who is not a Designated Person) 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.

**Before dealing in Company Securities**, an employee must seek clearance from the Clearance Officer.

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## **7. When employees may not deal**

An employee (who is not a Designated Person) 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.

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## **8. When a Designated Person may deal**

A Designated Person may only deal in Company Securities if he or she has complied with paragraph 11 below:

A Designated Person may deal in the securities of another publicly traded 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 those securities.

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## **9. When a Designated Person may not deal**

Subject to clause 10, a Designated Person may not deal or procure another person to deal in Company Securities:

- (a) during Black Out Periods;
- (b) if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities;
- (c) if he or she has not complied with paragraph 11 below.

A Designated Person 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.

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## **10. Exceptional circumstances**

A Designated Person, who is not in possession of inside information in relation to Company Securities, may be given clearance by the Clearance Officer to sell or otherwise dispose of Company Securities during a Black Out Period in any of the following exceptional circumstances:

- (a) if the Designated Person is in severe financial hardship. A Designated Person may be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Company Securities;
- (b) if the Designated Person is required by a court order, or there are other enforceable undertakings, for example in a bona fide family settlement, to transfer or sell the Company Securities or there is some other overriding legal or regulatory requirement for the Designated Person to do so;
- (c) in any other circumstances that may be deemed exceptional by the Chairman of the Company (or the Chief Executive Officer if the Chairman is involved).

The Designated Person seeking clearance must satisfy the Clearance Officer or the Chairman or the Chief Executive (as applicable) that the Designated Person is in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant Company Securities is the only reasonable course of action available.

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## 11. Securities Dealing Clearance

**Before dealing in Company Securities**, a Designated Person must submit a Securities Dealing Clearance Request.

The Clearance Officer may only give clearance during periods that are not Black Out Periods or in any of the exceptional circumstances listed in clause 10. However, the Clearance Officer may not give clearance during those periods or circumstances if:

- (a) there is a matter about which there is inside information in relation to Company Securities (whether or not the Designated Person knows about the matter) when the Designated Person requests clearance or proposes to deal in Company Securities; and
- (b) the Clearance Officer has any other reason to believe that the proposed dealing breaches this policy.

Any clearance given by the Clearance Officer shall be for a specified duration as determined by the Clearance Officer.

The Clearance Officer must keep a written record of:

- (a) any information received from a Designated Person in connection with this policy; and
- (b) any clearance given under this policy.

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## 12. Dealings by associated persons and investment managers

If a Designated Person may not deal in the Company Securities, he or she must take all reasonable and necessary steps to prevent any dealing in the Company Securities by:

- (a) any associated person (including family or nominee companies and family trusts); or
- (b) any investment manager on their behalf or on behalf of any associated person.

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## 13. Excluded trading

Notwithstanding clauses 9.1(a) and 9.1(c) but subject to clause 9.1(b), the following types of trading are excluded from the operation of this policy:

- (a) transfers of Company Securities already held by a Designated Person into a superannuation fund or other saving scheme in which the Designated Person is a beneficiary;
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;

- (c) where a Designated Person is a trustee, trading in Company Securities by that trust provided the Designated Person is not a beneficiary of the trust and any decision to trade during a Black Out Period is taken by the other trustees or by the investment managers independently of the Designated Person;
- (d) undertakings to accept, or acceptance of, a takeover offer;
- (e) trading under an offer or invitation made to all or most of the Company Security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board of the Company. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- (f) a disposal of Company Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- (g) the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Black Out Period and the Company has been in an exceptionally long Black Out Period or the Company has had a number of consecutive Black Out Periods and the Designated Person could not reasonably have been expected to exercise it at a time when free to do so; and
- (h) trading under a non-discretionary trading plan for which prior written clearance has been provided by the Clearance Officer and where:
  - (i) the Designated Person did not enter into the plan or amend the plan during a Black Out Period; and
  - (ii) the trading plan does not permit the Designated Person to exercise any influence or discretion over how, when, or whether to trade.

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## 14. Communicating inside information

If an employee (including a Designated Person) 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:

- (a) deal in Company Securities or those securities of the other entity; or
- (b) procure another person to deal in Company Securities or the securities of the other entity.

An employee must not inform colleagues (except the Clearance Officer) about inside information or its details.

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## **15. Acknowledgement of this policy**

Each employee (including a Designated Person) shall be required to provide to the Company an acknowledgement of this policy in the form in Attachment A.

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## **16. Breach of policy**

A breach of this policy by an employee (including a Designated Person) may lead to disciplinary action. It may also be a breach of the law.

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## **17. Assistance and additional information**

Employees (including Designated Persons) who are unsure about any information they may have in their possession, and whether they can use that information for dealing in securities, should contact the Clearance Officer.

# **RISK MANAGEMENT POLICY**

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The Risk Management Committee is established by the Board to ensure that the Company and its subsidiaries (the **Group**) have established a sound system of risk management. This Committee is primarily responsible for operational and other non-financial risks. (The Audit Committee is responsible for financial and information technology risks).

## **1. COMPOSITION**

The full Board carries out the duties that would normally fall to the Risk Management Committee. Committee composition will be reviewed at least annually. A quorum shall be any two members.

The Committee may invite attendance from any staff of the Company and seek external advice to assist in its duties.

If a member or attendee has a conflict of interest in a matter this must be indicated at the commencement of the meeting. However, the Committee will have the discretion to allow the person to participate in the relevant item or not, according to the Group's policy on conflicts of interest.

## **2. ROLE**

The Committee is established to monitor and review on behalf of the Board the system of risk management which the Group has established. This system should identify, assess, monitor and manage operational and compliance risks.

The Risk Committee determines the Group's 'risk profile' and is responsible for overseeing and approving risk management strategy and policies, internal compliance and non-financial internal control.

The Committee will report to the Board on this system of risk management and make appropriate recommendations to ensure the adequacy of the system.

Although it is not possible to provide absolute assurance that all corporate risks will be fully avoided or even mitigated, the Committee should aim to minimise any adverse impact on the Group that may result from the occurrence of an identifiable corporate risk.

## **3. REPORTING PROCEDURES**

Meetings will be held at least once per year. The Committee must review and update its Charter and assess the Committee's effectiveness annually, with a view to ensuring that its performance accords to as great an extent as is mandatory and otherwise practical, with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, as amended from time to time.

## **4. RESPONSIBILITIES**

In fulfilling its purpose outlined in section 2, the Committee should ensure that:

- it communicates any material changes to the Board as to the management of risk, the risk profile, and the associated internal controls of the Group; risks are identified and monitored through a systematic review of the Company and its operations;
- a risk register is maintained which describes the risks, the likelihood of occurrence, mitigating strategies and consequential risk. These must be updated regularly and reviewed by the Committee every six months;
- adequate policies and procedures have been designed and implemented to manage risks identified;

## **RISK MANAGEMENT POLICY continued**

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- proper remedial action is undertaken to redress areas of weakness identified by the system of risk management and/or the Committee;
- a system of reporting and investigating incidences, breaches or excessive risks operates effectively;
- when requested to do so by the Board or when the Committee considers appropriate, an investigation can be undertaken and reported to the Board on any risk-related matters;
- there is a system whereby the CEO and the Board are immediately notified of any information which might have a material effect on the price or value of the Company's securities, and that such information is released to the ASX in accordance with the requirements of the Company's disclosure policy and the ASX Listing Rules;
- obtaining, each year, a statement from the CEO, Chief Financial Officer (the **CFO**) and the Chief Operating Officer (the **COO**) (if any has been appointed) or any of their equivalents, to the Board that the Company's risk management and internal compliance and control system is operating effectively in all material respects;
- the Charter is made publicly available on the website; and
- the annual report explains any departures by the Group from the Charter.

### **5. SPECIFIC RISKS TO BE MANAGED BY THE COMMITTEE**

Outlined below are some specific operational and compliance risks, inter alia, which are the responsibility of the Committee.

The Committee is responsible for:

- promoting and supporting an organisational culture that is committed to risk management through open communication and effective risk management leadership;
- implementing a structured risk management training program to educate management and staff in the awareness of corporate risks and best practices in the management of corporate risks; reviewing the Group's main corporate governance practices as required under the ASX Listing Rules for completeness and accuracy;
- ensuring appropriate policies, procedures, controls and monitoring and reporting mechanisms have been adopted by the Group to prevent breaches of and ensure compliance with all relevant legislation and regulations, including but not limited to OH&S, Industrial Relations, Environmental and Trade Practices;
- ensuring there is adequate employee education and support to facilitate safety, security and good health in the workplace and monitoring of workplace safety;
- ensuring that the Group operates in accordance with the terms of all licences and permits issued to it by any government body or any other authority;
- ensuring that the management of the Group pays due attention to ethical considerations in implementing the Group's policies and practices;
- adopting procedures and policies for the improvement and preservation of the reputation of the Group; and
- ensuring that the Group has put appropriate insurance in place.

## SHAREHOLDER COMMUNICATION POLICY

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The Board informs shareholders of all major developments affecting the Company's state of affairs as follows:

- The Annual Financial Report is distributed to all shareholders (who specifically request to receive the document), including relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments. The full Annual Financial Report is also available on the Company website.
- The Half-Yearly Report contains summarised financial information and a review of the operations of the Company during that period. The audited Half-Yearly Report is lodged with ASIC and the ASX and sent to any shareholder who requests it, as well as being published on the Company website.
- Proposed major changes in the Company, which may impact on share ownership rights, are submitted to shareholder vote.
- The Company presents exhibits at industry conferences which provides opportunity for the shareholders to gather information about the Company; it is also an opportunity to meet members of the Board and senior management.
- All documents that are released publicly are made available on the Company website and e-mailed to shareholders and investors who have provided their relevant details to the Company.
- The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.
- The shareholders are requested to vote on the appointment and aggregate remuneration of the directors the granting option and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

# CONTINUOUS DISCLOSURE POLICY

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## 1. INTRODUCTION

The purpose of the Continuous Disclosure Policy is to:

- ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and ASX Limited (**ASX**) Listing Rules and as much as possible seeks to achieve and exceed best practice;
- provide shareholders and the market with timely, direct and equal access to information issued by the Company; and
- promote investor confidence in the integrity of the Company and its securities.

This Policy contains all continuous disclosure requirements under the Listing Rules and the Corporations Act, and incorporates best practice guidelines.

## 2. LEGAL REQUIREMENTS

The Company is a public company listed on ASX. It is subject to continuous disclosure requirements under the Corporations Act and the Listing Rules (which are given legislative force under section 674 of the Corporations Act), in addition to the periodic and specific disclosure requirements.

**The Rule:** The primary continuous disclosure obligation is contained in Listing Rule 3.1, which states that:

*"Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information."*

**The Exception:** Listing Rule 3.1A contains the only exception to Listing Rule 3.1:

*"Listing Rule 3.1 does not apply to particular information while all of the following are satisfied:*

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies:*
  - *It would be a breach of a law to disclose the information.*
  - *The information concerned an incomplete proposal or negotiation.*
  - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
  - *The information is generated for internal management purposes of the entity.*
  - *The information is a trade secret."*

**Disclosure to ASX first:** Listing Rule 15.7 further requires that an entity must not release information that is for release to the market to anyone until it has given that information to ASX, and has received an acknowledgement from ASX that the information has been released to the market.

## CONTINUOUS DISCLOSURE POLICY continued

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**What is material price sensitive information?:** Section 677 of the Corporations Act states that, a reasonable person would be taken to expect information to have a "material effect on the price or value" of securities if the information "*would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of*" those securities.

**Correction of false market:** Listing Rule 3.1B provides that if ASX considers that there is, or is likely to be, a false market in an entity's securities, and requests information from the entity to correct or prevent the false market, the entity must give ASX the information needed to correct or prevent the false market.

### 3. BEST PRACTICE GUIDELINES

In addition to the legal requirements, there are guidelines published by various bodies which, though not mandatory, set out various views of best practice in the area of continuous disclosure. The most important of the guidelines are:

- ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations", in particular Recommendations 5.1 and 5.1;
- ASX Guidance Note 8 "Continuous Disclosure";
- Australasian Investor Relations Association "Best Practice Guidelines for Communication between Listed Entities and the Investment Community";
- Australian Securities and Investments Commission (**ASIC**) Guidance Rules "Better disclosure for investors"; and
- ASIC guidance and discussion paper "Heard it on the grapevine".

### 4. DISCLOSURE PRINCIPLE

The Company will immediately notify ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, unless exempted by the Listing Rules. The Company's securities include all shares and options issued and granted by the Company.

### 5. DISCLOSURE OF MATERIAL PRICE SENSITIVE INFORMATION

Any information concerning the Company which would, or would be likely to, influence investors in deciding whether to acquire or sell the Company's securities (material price sensitive information) must be disclosed to ASX in accordance with this Policy.

The Managing Director is responsible for determining what information is to be disclosed provided that, if achievable in a timely manner, any proposed disclosure to ASX is firstly reviewed by the Board of Directors and the Company Secretary or, at a minimum, the Chairman.

Where there is doubt as to whether certain information should be disclosed, the full Board will be consulted, and if deemed necessary by the Board, external advice will be sought. The following provides a guide as to the type of information that is likely to require disclosure. The list is not exhaustive. The determination of whether certain information is material price sensitive information which is subject to continuous disclosure necessarily involves the use of judgment. There will inevitably be situations in which the issue is not clear.

Matters which normally require disclosure include:

- significant exploration or mining results;

## **CONTINUOUS DISCLOSURE POLICY continued**

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- a change in the quantum or nature of the Company's mineral resources and/or ore reserves;
- a change in the Company's financial forecasts or expectations. As a guide, a variation in excess of 10% may be considered material. If the Company has not made a forecast, a similar variation from the previous corresponding period may be considered material;
- a recommendation or declaration of a dividend or distribution, or a decision that one will not be declared;
- changes in the Board of Directors, senior executives or auditors;
- a change in the Company's accounting policy;
- an agreement between the Company (or a related party or subsidiary) and a director (or an associate of the director);
- events regarding the Company shares, securities, financing or any default on any securities (e.g. under or over subscriptions to an issue of securities, share repurchase program or similar);
- giving or receiving an offer or notice of intention to make a takeover offer;
- a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets (an amount of 5% or more would normally be significant but a lesser amount may qualify in particular circumstances);
- mergers, acquisitions/divestments, joint ventures or changes in assets;
- significant developments in regard to new projects or ventures;
- major new contracts, orders, or changes in suppliers or customers;
- legal proceedings against or allegation of any breach of the law, whether civil or criminal, by the Company;
- natural disasters or accidents that have particular relevance to the business of the Company; or
- the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by the Company or any of its subsidiaries.