



## **PurifloH Limited**

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**CORPORATE GOVERNANCE & POLICIES MANUAL**

UPDATED JUNE 2018

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

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*The Company has adopted the following Charters, Policies and Rules and has been 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 Purifloh 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.

**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, but subject to the size and scale of activities.

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 (or the board as a whole with respect to audit matters) 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 (or the board as a whole with respect to audit matters) 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;



## AUDIT COMMITTEE CHARTER continued

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- review the performance of the external auditors on an annual basis and meet with them during the year as follows:
  - 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, if possible, but subject to the size and scale of activities.

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 (or the board as a whole with respect to remuneration matters) 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.

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 (or the board as a whole with respect to remuneration matters) is to meet at least annually and otherwise as required. Minutes of all meetings of the Remuneration Committee are to be kept.

#### **5. RESPONSIBILITIES**

The duties of the Remuneration Committee (or the board as a whole with respect to remuneration matters) 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 (or the board as a whole with respect to board appointment or composition matters) 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 informal 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 and 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.



# SECURITIES TRADING POLICY

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## 1. INTRODUCTION

This Code for Trading in Securities (**Code**) sets out the requirements for Employees trading in Company Securities. In order to ensure that Employees do not inadvertently breach the insider trading provisions of the Corporations Act, Employees are only permitted to trade in Company Securities in limited circumstances determined by this Code. The circumstances in which Employees are not permitted to trade in Company Securities are called '**closed periods**' and are determined by the provisions of this Code.

Even outside closed periods, Employees are required to seek the written approval of the Chair or his or her delegate prior to any trading in Company Securities.

The provisions allowing trading in Company Securities by Employees are subject to the overriding restriction that persons may not trade in any Securities when they are in possession of inside information.

## 2. DEFINITIONS

**Associate** includes:

- (a) a spouse or de facto spouse of the employee;
- (b) a parent or child of the employee or the employee's spouse or de facto spouse;
- (c) a company, partnership, or trust which:
  - (i) the employee controls;
  - (ii) the employee and any person referred to in paragraphs (a) or (b) control;
  - (iii) any person referred to in paragraphs (a) and (b) controls; or
  - (iv) any other person with whom the employee is acting or proposing to act in concert regarding the acquisition of Securities.

For the purposes of this definition, 'control' means the ability (whether or not based on a legal right) to determine the outcome of a decision about the relevant entity's financial and operating policies.

**ASX Business Day** has the same meaning as the term 'business day' as defined in the ASX Listing Rules.

**Company** means Purifloh Limited ABN 11 124 426 339.

**Employees** means the directors, and employees (full time and part time) and long term consultants and contractors of the Company.

**Securities** includes options, shares and other securities, including, without limitation, debentures, derivatives and warrants issued or made available by the Company.

**trading** includes applying for, acquiring or disposing of securities, entering into an agreement to apply, acquire or dispose of securities and granting, accepting, acquiring or disposing an option or other right or obligation to acquire or dispose of securities, and includes procuring or causing other persons to trade. For the purposes of this policy, 'trading' does not include the exercise of an option or other right.

**written approval** includes approval by email.

### **3. PROHIBITED CONDUCT UNDER INSIDER TRADING PROVISIONS**

#### **3.1. The Company**

As a matter of law, all Employees must not trade in Company Securities where:

- (a) they possess information which is not generally available;
- (b) that information may have a material effect on the price or value of Company Securities; and
- (c) they know or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the price of Company Securities,

as such information constitutes inside information.

#### **3.2. Examples of price sensitive information**

The sort of information which might have a material effect on the price of Company Securities includes, but is not limited to:

- (a) the Company's financial results before they have been published, particularly if they are significantly better or worse than market expectations;
- (b) any pending material acquisitions or divestments by the Company;
- (c) the threat of any material litigation that may involve the Company;
- (d) any proposed changes to the composition of the Board or senior management; and
- (e) information on a proposed bonus issue of shares and other Securities or changes to dividend policies.

See the Continuous Disclosure Policy for more information on and examples of price sensitive information.

#### **3.3. Other Companies**

The laws regarding insider trading extend to trading in Securities of any companies about which a person possesses material price sensitive information which is not generally available including, for example, companies in a joint venture with the Company.

### **4. POLICY FOR TRADING IN SECURITIES**

#### **4.1. Trading With Clearance**

Subject to the restriction that no Employee must trade in any Securities when they are in possession of inside information, and subject to clause 5, Employees may only trade in Securities if the Employee has complied with clause 5.

#### **4.2. Closed Periods**

An Employee may not trade in Company Securities if:

## **SECURITIES TRADING POLICY continued**

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- (a) he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities; or
- (b) the Company Secretary has issued an instruction prohibiting trading in Company Securities by Employees; or
- (c) it is the day on which the Company has made, or is expected to make, a price sensitive announcement to the ASX and/or the day following the day on which the Company has made a price sensitive announcement to the ASX; or
- (d) he or she has not complied with clause 5.

For the purposes of this clause 4, “price sensitive announcement” means an announcement containing information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company’s securities, as defined in section 667 of the Corporations Act.

### **5. CLEARANCE REQUESTS**

All Employees wishing to trade in Company Securities are required to seek written approval from the Chair of the Board or his or her delegate. The Chair must seek written approval from the Chair of the Audit Committee or the Company Secretary.

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

In exceptional circumstances where, as a result of demonstrable financial hardship (such as the threat of foreclosure on the residence in respect of a person or mortgage, a judgement in respect of a debt being obtained by a creditor, or a court order in a family law matter), an Employee is obliged to dispose of Company Securities during a closed period, the Chair and/or Managing Director may give written approval to proceed to sell an agreed number of Company Securities within a specified time frame. The Employee seeking approval to trade must satisfy the Chair and/or Managing Director that he or she is in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

A limited period in which to trade should be granted (eg 7 ASX Business Days) and the closing date during which Securities can be traded should be notified to the individual and the Company Secretary. The Company may require the Employee to swear a statutory declaration in support of their claim of financial hardship.

### **7. SHORT TERM TRADING IN COMPANY SECURITIES**

The purchase and sale of Company Securities by Employees within one month is prohibited. For the purposes of this clause 7, the definition of ‘purchase’ does not include the exercise of options by an Employee.

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

Employees may participate during closed periods in the passive acquisition of Company Securities in plans approved by the Company’s Board, such as dividend reinvestment plans, share purchase plans and rights issues, with the proviso that an election to participate, once given, cannot be revoked during a closed period.

## **SECURITIES TRADING POLICY continued**

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The exercise of options is permitted during a closed period in accordance with the terms and conditions of those options, however, the Securities issued in respect of such options or share purchase plan are subject to this Code and may not be traded during a closed period, including the closed period in which the Securities have been acquired.

### **9. PROHIBITION OF CREDIT**

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

Employees must inform the Board of all details concerning any broker credit, margin lending or leveraged equity arrangements in place in respect of any trading (including, without limitation, prospective trading) in Company Securities.

### **10. HEDGING**

Employees are prohibited under this Code from entering into any schemes or arrangements that protect the value of Securities allocated under Company incentive schemes prior to them becoming fully vested. Any breach of this prohibition will also constitute a breach of the conditions of grant and could result in the forfeiture of the Securities.

### **11. BREACH OF POLICY**

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

- (a) lead to disciplinary action, which may include dismissal or termination of the relationship at first lawful instance;
- (b) be reported to the authorities for investigation if the circumstances warrant, in the view of the Company.

### **12. DISCLOSURE**

Any trading in Securities by directors must be notified to the Company Secretary within 3 days of such trading, including whether the Securities were traded during a closed period, and the details of the prior written clearance obtained in accordance with clause 5.

### **13. GENERAL OBSERVATIONS**

If any Employee possesses inside information that is not generally available, such person is prohibited from procuring any other person to trade in those Securities and from directly or indirectly communicating the information to another person who the Employee believes is likely to trade in, or procure another person to trade in, those Securities.

It is important that any Employee who possesses inside information that is not generally available does not pass that information on to any other party or person or recommend or otherwise suggest to any person or Associates to trade in Company Securities.

Accordingly, this Code applies equally to persons acting for Employees or with whom it may appear Employees may communicate the inside information – that is, the spouse,

## **SECURITIES TRADING POLICY continued**

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children, family trusts, family companies of Employees or other Associates of Employees must not trade in Company Securities otherwise than in accordance with this Code.

Employees should also ensure that, before any external body of which they are a member, director, representative or trustee (for example, personal or family superannuation funds) undertakes any transaction regarding Company Securities, any trading in Company Securities complies with this Code.

This Code will be administered by the Company Secretary with input from the Chair. The Company Secretary will be available to answer any questions any Employee may have in relation to the Code. However, neither the Company nor the Company Secretary is to be held responsible for any answers or any act or omission by any Employee in reliance on those answers. It is each Employee's responsibility to comply with the law, so if any Employee is in any doubt legal advice should be obtained.

This Code is subject to regular review by the Board and will be amended as and when appropriate

# **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."*

## **CONTINUOUS DISCLOSURE POLICY continued**

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**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.

**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

## **CONTINUOUS DISCLOSURE POLICY continued**

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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.

## **CONTINUOUS DISCLOSURE POLICY continued**

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Matters which normally require disclosure include:

- significant exploration or mining results;
- 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.

## DIVERSITY POLICY

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

The Company's strategies are to:

1. recruit and manage on the basis of an individual's competence, qualification and performance;
2. create a culture that embraces diversity and that rewards people to act in accordance with this policy;
3. appreciate and respect the unique aspects that individual brings to the workplace;
4. foster an inclusive and supportive culture to enable people to develop to their full potential;
5. identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
6. take action to prevent and stop discrimination, bullying and harassment; and
7. recognise that employees at all levels of the Company may have domestic responsibilities.

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

