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CORPORATE GOVERNANCE POLICIES

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## CORPORATE GOVERNANCE POLICIES

### 1. BOARD CHARTER

The Board of Directors is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company.

The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders. The specific responsibilities of the Board include:

- (a) appointment, evaluation, rewarding and if necessary the removal of the Managing Director, and Chief Financial Officer (or equivalent) and the Company Secretary;
- (b) in conjunction with management, development of corporate objectives, strategy and operations plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- (c) establishing appropriate levels of delegation to the Managing Director to allow him to manage the business efficiently;
- (d) monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company;
- (e) monitoring the performance of senior management including the implementation of strategy, and ensuring appropriate resources are available;
- (f) via management, an appreciation of areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks;
- (g) overseeing the management of safety, occupational health and environmental matters;
- (h) satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- (i) satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- (j) to ensure that appropriate internal and external audit arrangements are in place and operating effectively;

- (k) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
- (l) reporting to shareholders.

The Board retains full responsibility for guiding and monitoring the Company. While in discharging its stewardship the Board may make use of committees in the future, the Board currently intends that the functions and responsibilities of the following committees will be performed by the Board:

- (a) Audit Committee;
- (b) Nomination Committee; and
- (c) Remuneration Committee.

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter.

In accordance with the constitution of the Company, directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every 3 years. The Board does not specify a maximum term for which a director may hold office.

The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and will put in place procedures to assess the performance of the Managing Director and executive directors.

Where appropriate the roles of Chairman and Managing Director are not combined. The Managing Director is accountable to the Board for all authority delegated to the position.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board will put in place a number of mechanisms to ensure this is achieved including:

- (a) Board approval and monitoring of a strategic plan;
- (b) approval of budgets and monitoring actual performance against budget; and
- (c) procedures to be put in place to incorporate presentations covering key relevant areas of the Company's operations to each Board meeting by financial, operations, exploration and marketing management.

This policy is reviewed **annually**.

## 2. PROCEDURES FOR SELECTION AND APPOINTMENT OF DIRECTORS

Over time the Board shall work towards ensuring, collectively, it has the appropriate range and expertise to properly fulfil its responsibilities, including:

- (a) accounting and legal;
- (b) business development and risk management;
- (c) industry and public company experience; and
- (d) an appropriate ratio and skills matrix for executive and non-executive directors.

In the circumstances where the Board believes there is a need to appoint another director, whether due to retirement of a director or growth or complexity of the Company, certain procedures will be followed, including the following:

- (a) determine the skills and experience appropriate for the appointee having regard to those of the existing directors and any other likely changes to the Board;
- (b) agree the process and timetable for seeking such a person, which may involve an external search firm;
- (c) a short list of candidates will be prepared for the Board's consideration and interview. The selection process will encourage visitation to the Company's operating sites and an understanding of management information systems. Candidates will be assessed on the following basis:
  - i. competencies and qualifications;
  - ii. independence;
  - iii. other directorships;
  - iv. time availability;
  - v. contribution to the overall balance of the composition of the Board; and
  - vi. depth of understanding of the role of and legal obligations, of a director.

The Board comprises of only 3 persons which for the size of the Company is currently considered appropriate to provide the balance of skills and experience necessary for the conduct of the Company's activities.

The Chairman regularly reviews the composition of the Board to ensure that the board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

If an invitation to become a director is accepted, the Board will appoint the new director during the year and that person will then stand for re-election by shareholders at the next annual general meeting. Shareholders are provided with

relevant information on the candidates for re-election.

When appointed to the Board, a new director will receive an induction appropriate to their experience.

This policy is reviewed **annually**.

### **3. CODE OF CONDUCT**

This code of conduct aims to encourage the appropriate standards of conduct and behaviour of the directors, officers, employees and contractors (collectively called the employees) of the Company.

Employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

#### **GENERAL PRINCIPLES**

- (a) Employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole.
- (b) Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment.
- (c) Employees must recognise that their primary responsibility is to the Company's shareholders as a whole.
- (d) Employees must not take advantage of their position for personal gain, or the gain of their associates.
- (e) Directors have an obligation to be independent in their judgements.
- (f) Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission from the Company.
- (g) Employees have an obligation, to comply with the spirit as well as the letter, of the law and with the principles of this code.

The Company views breaches of this code as serious misconduct. Employees who have become aware of any breaches of this code must report the matter immediately to their line manager or the Company Secretary. The line manager or Company Secretary has the responsibility to report the breach to the appropriate senior management and to advise the relevant employee of the outcome and actions implemented.

Any employee who in good faith, reports a breach or a suspected breach will not be subject to any retaliation or recrimination for making that report.

Employees who breach the policies outlined in the Code may be subject to disciplinary action, including in the case of serious breaches, dismissal.

#### **DIRECTORS**

The following additional comments apply to directors of the Company and aim to ensure directors have a clear understanding of the Company's expectations of their conduct.

### ***Fiduciary duties***

All directors have a fiduciary relationship with the shareholders of the Company. A director occupies a unique position of trust with shareholders, which makes it unlawful for directors to improperly use their position to gain advantage for themselves.

### ***Duties of directors***

Each director must endeavour to ensure that the Company is properly managed so as to protect and enhance the interests of all shareholders. To this end, directors need to devote sufficient time and effort to understand the Company's operations.

Directors should ensure that shareholders and the ASX are informed of all material matters which require disclosure and avoid or fully disclose conflicts of interest.

### ***Conflict of interest***

At all times a director must be able to act in the interests of the Company. Where the interests of associates, the personal interest of a director or a director's family may conflict with those of the Company, then the director must immediately disclose such conflict and either:

- (a) eliminate the conflict, or
- (b) abstain from participation in any discussion or decision-making process in relation to the subject matter of the conflict.

Executive directors must always be alert to the potential for a conflict of interest between their roles as executive managers and their fiduciary duty as directors.

### ***Insider trading***

Information concerning the activities or proposed activities of the Company, which is not public and which could materially affect the Company's share price must not be used for any purpose other than valid Company requirements.

### ***Managing Director and CFO***

It is the responsibility of people fulfilling the duties of the Managing Director and the CFO to provide written assurances to the Board that in all material respects:

- (a) the financial reports submitted to the Board represent a true and fair view of the Company's financial condition and operational results; and
- (b) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

## **STAKEHOLDERS**

The Board recognises that the primary stakeholders in the Company are its shareholders. Other legitimate stakeholders in the Company include employees, customers and the general community.

The Company's primary objective is to create shareholder wealth through

capital growth and dividends by the continued development of its business and the provision of innovative solutions within the relevant and related industry. This is achieved by:

- (a) keeping the market informed of its exploration activities
- (b) actively progressing its exploration programmes; and
- (c) seeking new opportunities in the vicinity of the project areas in which the Company holds tenement interests.

The Company is committed to conducting all its operations in a manner which:

- (a) protects the health and safety of all employees, contractors and community members;
- (b) recognises, values and rewards the individual contribution of each employee;
- (c) achieves a balance between economic development, maintenance of the environment and social responsibility;
- (d) maintains good relationships with suppliers and the local community; and
- (e) is honest, lawful and moral.

All employees (including directors) are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

This policy is reviewed **annually**.

#### 4. SECURITIES TRADING POLICY

The Company's share trading policy regulates dealings by directors, officers and employees in securities issued by the Company. In certain circumstances this policy also applies to contractors and consultants.

This policy imposes basic trading restrictions on all employees of the Company and its related companies who possess inside information and additional trading restrictions on:

- (a) all directors;
- (b) all executives reporting directly to the Managing Director; and
- (c) any other employees of the Company considered appropriate by the Managing Director and Company Secretary from time to time.

#### GENERAL RESTRICTIONS WHEN IN POSSESSION OF INSIDE INFORMATION

##### *Insider trading laws*

Insider trading laws cover all directors, employees and parties in possession of unpublished price sensitive information, of the Company. If a person is in possession of any unpublished price-sensitive information, it is a criminal offence to take advantage for personal gain or that of an associate.

Price-sensitive information is any information which if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities, or would be likely to influence a person in deciding whether to buy or sell the Company's securities.

##### *Confidential information*

Employees and directors also have a duty of confidentiality to the Company. A person must not reveal any confidential information concerning the Company, use that information in any way which may cause loss to the Company, or use that information to gain an advantage for themselves or anyone else.

#### ADDITIONAL TRADING RESTRICTIONS FOR DIRECTORS AND SOME EMPLOYEES

Additional restrictions on trading in the Company's securities apply to directors of the Company, all executives reporting directly to the Managing Director and any other employees of the Company considered appropriate by the Managing Director and Company Secretary from time to time (**Restricted Persons**).

Restricted Persons generally hold positions where it can be assumed that they will have inside information regarding the Company. Accordingly, additional restrictions apply for any proposed trading in shares by Restricted Persons during nominated "closed periods". The closed periods generally apply to the period immediately preceding periodic and continuous disclosure.

Restricted Persons are prohibited from trading in the Company's securities during the following designated closed periods:

- (a) in the period (set by the Chairman) immediately preceding the release of

the Company's half year financial results; or

- (b) in the period (set by the Chairman) immediately preceding the release of the Company's full year financial results.

In exceptional circumstances clearance may be given for a Restricted Person to sell (but not to purchase) securities when they would otherwise be prohibited from doing so but not while there exists any matter which constitutes unpublished price-sensitive information in relation to the Company's securities.

#### ***Requirements before trading***

Before trading, or giving instructions for trading in the Company's securities:

- (a) a director must notify the Chairman of his intention to trade;
- (b) confirm that he does not hold any inside information;
- (c) have been advised by the Chairman that there is no reason to preclude him from trading in the Company's securities as notified; and
- (d) complied with any conditions on trading imposed by the Chairman (including, for example, any time limits applicable to the clearance).

In the case of the Chairman intending to trade in the Company's securities, he must notify and obtain clearance from the Board before trading, or giving instructions for trading.

In the case of any other Restricted Person, he must notify and obtain clearance from the Company Secretary before trading, or giving instructions for trading.

#### ***Notification of trading***

Directors must notify the Company Secretary of any dealings in the Company's securities immediately any such dealings occur.

#### ***Breaches of policy***

Strict compliance with this policy is a condition of employment.

#### ***General***

The requirements imposed by this policy are separate from and additional to, the legal prohibitions in the Corporations Act on insider trading.

This policy is reviewed **annually**.

## 5. AUDIT COMMITTEE CHARTER

While the Company is not of a sufficient size at this stage to require a separate Audit Committee, at a time appropriate to the needs of the Company it is envisaged that an Audit Committee shall be set up according to the details as follows. At this stage, the Board of the Company shall constitute the Audit Committee. The following charter shall apply to the extent that it is relevant to the size of the Company.

### **Scope**

The Audit Committee shall be a committee of the Board of the Company with the specific powers delegated under this charter. The charter sets out the Audit Committee's function, composition, mode of operation, authority and responsibilities.

### **Function**

The primary function of the Committee shall be to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company. In addition, the Committee will:

- (a) oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and internal auditors;
- (b) determine the independence and effectiveness of the external and internal auditors;
- (c) maintain open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
- (d) serve as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and
- (e) review the adequacy of the reporting and accounting controls of the Company.

The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of the Company or professional advisers where appropriate.

### **Membership and composition**

The Board shall appoint the members of the Committee and review the composition of the Committee at least annually. The Committee will comprise:

- (a) at least three members;
- (b) a majority, where possible, of non-executive directors whom are independent;
- (c) where possible, an independent chairman appointed by the Board and who is not the Chairman of the Board; and
- (d) where possible, members with sufficient financial skills and experience relevant to the committee's functions.

### **Meetings**

The Committee shall:

- (a) meet as frequently as required but at least two times per year; and
- (b) the minimum quorum for a committee meeting is two members. The secretary of the Committee is the Company Secretary;

### **Authority**

In performing its functions in accordance with any applicable law, the Committee:

- (a) has unrestricted access to the external auditors, the internal audit firm, senior management and employees of the Company;
- (b) has unrestricted access to information and reports relevant to fulfilling its responsibilities;
- (c) may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee; and
- (d) shall have the power to conduct or authorise investigations into any matters within the committee's scope of responsibilities or when requested by the Board.

### **Responsibilities**

The Committee must promote an environment within the Company which is consistent with best practice financial reporting. In particular, the Committee must:

- (a) perform an independent review of financial information prepared by management for external reporting. This will include conducting reviews of the annual report, directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information required by law;
- (b) monitor the integrity and effectiveness of financial reporting processes;
- (c) review and assess the external audit arrangements;
- (d) appoint, review and assess the internal audit arrangements and consider significant internal audit findings and management's responses and related actions;
- (e) review and ensure implementation of legislated major accounting changes;
- (f) ensure that appropriate policies are established and adequate systems are in place to identify and disclose related-party transactions and assess the propriety of any related party transactions; and

- (g) ensure that the Board is kept regularly informed on general progress and activities, and is promptly briefed on all significant matters.

#### ***External audit arrangements***

The Committee shall report to the Board on external audit arrangements, including:

- (a) making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
- (b) review the terms of engagement for the external auditor;
- (c) review the scope of the external audit with the external auditor including identified risk areas;
- (d) monitor the performance of the external audit including assessment of the quality and rigour of the audit, quality of the service provided and the audit firm's internal quality control procedures;
- (e) review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditors' independence;
- (f) review and monitor management's responsiveness to the external audit findings; and
- (g) on a periodic basis, meet with the external auditor without the presence of management.

#### ***Appointment of external auditor***

Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.

The Committee will ensure that prospective auditors have been provided with a sufficiently detailed understanding of the Company, its operations, its key personnel and any other information, including group structures and financial statements, that will have a direct bearing on each firm's ability to develop an appropriate proposal and fee estimate.

The Committee and the Board will consider the appointment in conjunction with senior management.

In selecting an external auditor, particular consideration will be given to determining whether the fee quoted is sufficient for the work required, that the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the Company's needs and expectations.

The appointment of a new external audit firm will be placed before shareholders for ratification at the next annual general meeting after the appointment is made.

### ***Rotation and succession planning***

The Committee will discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner. The Company shall require that the lead engagement partner be rotated in accordance with legislative requirements.

### ***Management sign-off procedure***

The Audit Committee will ensure that the Managing Director and Chief Financial Officer prepare a written statement to the Board certifying that the Company's annual financial report and half yearly financial report present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance and are in accordance with relevant accounting standards.

The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports.

This policy is reviewed every **two years**.

## 6. CONTINUOUS DISCLOSURE POLICY

This policy outlines the disclosure obligations of the Company as required under the Corporations Act 2001 and the ASX Listing Rules. The policy is designed to ensure that procedures are in place so that the stock market in the which the Company's securities are listed is properly informed of matters which may have a material impact on the price at which the securities are traded.

The Company is committed to:

- (a) complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
- (b) preventing the selective or inadvertent disclosure of material price sensitive information;
- (c) ensuring shareholders and the market are provided with full and timely information about the Company's activities;
- (d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

### ***Disclosure officer***

The Managing Director and the Company Secretary have been appointed as the Company's disclosure officers responsible for implementing and administering this policy. The disclosure officers are responsible for all communication with ASX and for making decisions on what should be disclosed publicly under this policy.

In the absence of the Managing Director and Company Secretary, any matters regarding disclosure issues are to be referred to the Chairman or the Finance Director.

### ***Material information***

In accordance with the ASX Listing Rules, the Company must immediately notify the market (via an announcement to the ASX) of any information concerning the Company which a reasonable person with experience in the industry in which the Company operates would expect to have a material effect on the price or value of the Company's securities.

Information need not be disclosed if:

- (a) a reasonable person would not expect the information to be disclosed;
- (b) the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; **and**
- (c) one or more of the following applies:
  - i. it would breach the law to disclose the information;
  - ii. the information concerns an incomplete proposal or negotiation;
  - iii. the information comprises matters of supposition or is insufficiently definite to warrant disclosure;

- iv. the information is generated for internal management purposes; or
- v. the information is a trade secret.

The Company is also required to disclose information if asked to do so by the ASX, to correct or prevent a false market.

Note that the Company is deemed to have become aware of information where a director or executive officer has, or ought to have, come into possession of the information in the course of the performance of his duties as a director or executive officer.

The Corporations Act defines a material effect on price or value as being where 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 the securities

#### ***Review of communications for disclosure***

The disclosure officers will review all communications to the market to ensure that they are full and accurate and comply with the Company's obligations. Such communications may include:

- (a) media releases;
- (b) analyst, investor or other presentations;  
prospectuses; and
- (c) other corporate publications.

Examples of information or events that are likely to require disclosure include:

- (a) financial performance and material changes in financial performance or projected financial performance;
- (b) changes in the terms of employment of the Managing Director and the independence of directors;
- (c) mergers, acquisitions, divestments, joint ventures or material changes in assets;
- (d) significant developments in new projects or ventures;

material changes to the Company's security position;

- (e) material information affecting joint venture partners, customers or non-wholly owned subsidiary companies;
- (f) media or market speculation;
- (g) analyst or media reports based on inaccurate or out of date information;
- (h) industry issues which have, or which may have, a material impact on the Company; and

- (i) decisions on significant issues affecting the Company by regulatory authorities.

Where there is any doubt as to whether an issue might materially affect the price or value of the Company's securities, the disclosure officers will assess the circumstances with appropriate senior executives and if necessary, seek external professional advice.

All presentations to analysts and investors will be released to the ASX and then included on the Company's web-site.

#### ***Authorised spokespersons***

The Company's authorised spokesperson is the Managing Director, and Company Secretary. In appropriate circumstances, the Managing Director may from time to time authorise other spokespersons on particular issues and those within their area of expertise.

No employees or consultants are permitted to comment publicly on matters confidential to the Company. Any information which is not public must be treated by employees and consultants as confidential until publicly released.

#### ***Reporting of disclosable information***

Once the requirement to disclose information has been determined, the disclosure officers are the only persons authorised to release that information to the ASX.

Information to be disclosed must be lodged immediately with the ASX. Any such information must not be released to the general public until the Company has received formal confirmation of lodgement by the ASX.

#### ***Market speculation and rumours***

As a guiding principle, the Company has a "no comment" policy on market speculation and rumours, which must be observed by all employees. However, the Company will comply with any request by the ASX to comment upon a market report or rumour.

#### ***Trading halts***

The Company may, where appropriate, request a trading halt to maintain orderly trading in the Company's securities and to manage any disclosure issues.

No employee of the Company is authorised to seek a trading halt except for the disclosure officers.

#### ***Meetings and group briefings with investors and analysts***

The Managing Director is primarily responsible for the Company's relationship with major shareholders, institutional investors and analysts and shall be the primary contacts for those parties.

Any written materials containing new price-sensitive information to be used in briefing media, institutional investors and analysts are lodged with ASX prior to the briefing commencing. Upon confirmation of receipt by ASX, the briefing material is posted to the Company's web-site. Briefing materials may also include information that may not strictly be required under continuous disclosure requirements.

The Company will not disclose price sensitive information in any meeting with an investor or stockbroking analyst before formally disclosing it to the market. The Company considers that one-on-one discussions and meetings with investors and stockbroking analysts are an important part of pro-active investor relations. However, the Company will only discuss previously disclosed information in such meetings.

#### ***Periods prior to release of financial results***

During the time between the end of the financial year or half year and the actual results release, the Company will not discuss financial performance, broker estimates and forecasts and, particularly, any pre-result analysis with stockbroking analysts, investors or the media, unless the information to be discussed has already been disclosed to the ASX.

#### ***Web-based communication***

The Company's web-site shall feature discrete sections for shareholders and investors to ensure that such information can be accessed by interested parties. Such information will include:

- (a) annual reports and results announcements;
- (b) all other company announcements made to the ASX;
- (c) speeches and support material given at investor conferences or presentations; and
- (d) company profile and company contact details.

Announcements lodged with the ASX will be placed on the Company's web-site as soon as practicable after ASX confirms receipt of that information.

#### ***Analysts reports and forecasts***

Stockbroking analysts frequently prepare reports on listed companies that typically detail their opinion on strategies, performance and financial forecasts. To avoid inadvertent disclosure of information that may affect the Company's value or share price. The Company's comments on analyst reports will be restricted to:

- (a) information the Company has issued publicly; and
- (b) other information that is in the public domain.

Given the level of price sensitivity to earnings projections, the Company will only make comment to correct factual errors in relation to information publicly issued by other parties and Company statements.

This policy is reviewed **annually**.

## 7. SHAREHOLDERS COMMUNICATION POLICY

The Company recognises the value of providing current and relevant information to its shareholders.

The Managing Director and Company Secretary have the primary responsibility for communication with shareholders.

Information is communicated to shareholders through:

- (a) continuous disclosure to relevant stock markets of all material information;
- (b) periodic disclosure through the annual report (or concise annual report), half year financial report and quarterly reporting of exploration, production and corporate activities;
- (c) notices of meetings and explanatory material;
- (d) the annual general meeting;
- (e) periodic newsletters or letters from the Chairman or Managing Director; and
- (f) the Company's web-site at [www.bossresources.com.au](http://www.bossresources.com.au).

The Company is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market.

### ***Electronic communication and web-site***

The Company believes that communicating with shareholders by electronic means, particularly through its web-site, is an efficient way of distributing information in a timely and convenient manner.

The Company's web-site shall include the following sections, which contain relevant information for shareholders:

- (a) section on the Company's corporate governance policies and practices;
- (b) reports section, which contains copies of annual, half yearly and quarterly reports;
- (c) news section, containing sections on newsletters, ASX announcements, media clippings and power point presentations; and
- (d) press releases.

The Company's web-site will be updated with material released to the ASX as soon as practicable after confirmation of release by the ASX.

All web-site information will be continuously reviewed and updated to ensure that information is current, or appropriately dated and archived.

The Company shall place the full text of notices of meeting and explanatory material on the web-site.

***Written communication and annual report***

The annual report of the Company is the major written communication by the Company to shareholders each year.

***Annual general meeting***

The Company recognises the rights of shareholders and encourages the effective exercise of those rights through the following means:

- (a) notices of meetings are distributed to shareholders in accordance with the provisions of the Corporations Act;
- (b) notices of meeting and other meeting material are drafted in concise and clear language;
- (c) shareholders are encouraged to use their attendance at meetings to ask questions on any relevant matter, with time being specifically set aside for shareholder questions;
- (d) notices of meetings encourage participation in voting on proposed resolutions by lodgement of proxies, if shareholders are unable to attend the meeting;
- (e) it is general practice for a presentation on the Company's activities to be made to shareholders at each annual general meeting; and
- (f) it is both the Company's policy and the policy of the Company's auditor for the lead engagement partner to be present at the annual general meeting and to answer any questions regarding the conduct of the audit and the preparation and content of the auditors' report.

This policy is reviewed **annually**

## 8. RISK MANAGEMENT AND INTERNAL COMPLIANCE AND CONTROL

Management determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control shall include:

- (a) establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- (b) continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- (c) formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- (d) monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

Within the identified risk profile of the Company, comprehensive practices are in place that are directed towards achieving the following objectives:

- (a) effectiveness and efficiency in the use of the Company's resources;
- (b) compliance with applicable laws and regulations; and
- (c) preparation of reliable published financial information.

The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to report back on the efficiency and effectiveness of risk management, *inter alia*, by benchmarking the Company's performance against industry standards.

The risk profile of the Company contains both financial and non-financial factors including material risks arising from pricing, competitive position, currency movements, operational efficiency, ore reserve replacement, fuel prices, ground water flows, product quality, investments in new projects.

To mitigate these risks, the Company intends to put in place a broad range of risk management policies and procedures including regular Board meetings, six monthly financial and internal audits, rigorous appraisal of new investments, advisers familiar with the Company and an internal audit function.

Management is responsible for the ongoing management of risk with standing instructions to appraise the Board of changing circumstances within the Company and within the international business environment.

This policy is reviewed every **two years**

## 9. PERFORMANCE EVALUATION PRACTICES

As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies and the aggregate amount of fees approved by shareholders. The Board also reviews the appropriate criteria for Board membership collectively.

The Board shall establish formal processes to review its own performance and the performance of individual directors and the committees of the Board, annually.

### **Board**

A process shall be established to review and evaluate the performance of the Board. The Board shall be required to meet annually with the specific purpose of reviewing the role of the Board, assessing its performance over the previous 12 months, including comparison with others, and examining ways in which the Board can better perform its duties. The review will incorporate the performance of the Board.

The annual review includes consideration of the following measures:

- (a) comparison of the performance of the Board against the requirements of the Board charter;
- (b) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- (c) review the Board's interaction with management;
- (d) identification of any particular goals and objectives of the Board for the next year;
- (e) review the type and timing of information provided to the directors; and
- (f) identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation will be set by the Board and which may include a Board self-assessment checklist to be completed by each director. The Board may also use an independent adviser to assist in the review.

### **Committees**

Similar procedures to those for the Board review are applied to evaluate the performance of each of the Board committees.

An assessment will be made of the performance of each committee against each charter and areas identified where improvements can be made.

### **Non-executive directors**

The Chairman will have primary responsibility for conducting performance appraisals of non-executive directors in conjunction with them, having particular regard to:

- (a) contribution to Board discussion and function;
- (b) degree of independence including relevance of any conflicts of interest;
- (c) availability for and attendance at Board meetings and other relevant events;
- (d) contribution to Company strategy;
- (e) membership of and contribution to any Board committees; and
- (f) suitability to Board structure and composition.

Where the Chairman, following a performance appraisal, considers that action must be taken in relation to a director's performance, the Chairman must consult with the remainder of the Board regarding whether a director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a director be put to shareholders.

### ***Managing Director***

The Board will annually review the performance of the Managing Director. At the commencement of each financial year, the Board and the Managing Director will agree a set of generally Company specific performance measures to be used in the review of the forthcoming year.

These will include:

- (a) financial measures of the Company's performance;
- (b) the extent to which key operational goals and strategic objectives are achieved;
- (c) development of management and staff;
- (d) compliance with legal and Company policy requirements; and
- (e) achievement of key performance indicators.

### **Senior executives**

The Managing Director is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a formal meeting with each senior executive.

The basis of evaluation of senior executives will be on agreed performance measures.

This policy is reviewed **annually**.

## 10. REMUNERATION COMMITTEE CHARTER

At this stage the Board of Directors shall carry out the principle functions of the Remuneration Committee. The charter below describes the goals to which the Company shall aspire in relation to its remuneration strategies when the Company is of a sufficient size to warrant it. In the meantime the charter will be adhered to, to the extent to which it is relevant.

### ***Functions and responsibilities***

The Remuneration Committee is a committee of the Board with its principle functions being:

- (a) to review and recommend to the Board the overall strategies in relation to executive remuneration policies;
- (b) to review and make recommendations to the Board in respect of the compensation arrangements for the Managing Director, all other executive directors and all non-executive directors;
- (c) to review the effectiveness of performance incentive plans; and
- (d) to review and make recommendations to the Board in respect of all equity based remuneration plans.

In consultation with the Managing Director, the Committee will review and recommend to the Board for approval, the Company's general approach to compensation and will oversee the development and implementation of the compensation regime.

### ***Composition***

The Committee shall comprise at least three members of the Board the majority of whom where possible will be non-executive directors. Directors serving on the Remuneration Committee should have diverse, complementary backgrounds. The Chairman of the Committee shall, where possible, be an independent director.

The Company Secretary will be the secretary of the Committee and will act as the principal liaison between executive management and the committee on remuneration matters.

### ***Meetings***

The Committee shall meet as frequently as required, but at not less than annually.

The Committee shall have access to professional advice.

Two members of the Committee shall comprise a quorum. Where only two members are present, the unanimous vote of the two members will constitute an act of the Committee. Where the committee comprises more than two committee members, the vote of a majority of the members present will constitute an act of the Committee.

### ***Remuneration policy***

This policy governs the operations of the Remuneration Committee. The Committee

shall review and reassess the policy at least annually and obtain the approval of the Board.

#### *General director remuneration*

Shareholder approval must be obtained in relation to the overall limit set for directors' fees. The directors shall set individual Board fees within the limit approved by shareholders.

Shareholders must also approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

#### *Executive remuneration*

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- (a) reward reflects the competitive market in which the Company operates;
- (b) individual reward should be linked to performance criteria; and
- (c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives and other senior managers consists of the following:

- (a) salary executives director and senior manager receive a fixed sum payable monthly in cash;
- (b) bonus - executive directors and nominated senior managers are eligible to participate in a profit participation plan if deemed appropriate;
- (c) long term incentives - executive directors may participate in share option schemes with the prior approval of shareholders. Executives may

also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and

- (d) other benefits - executive directors and senior managers are eligible to participate in superannuation schemes.

Remuneration of other executives consists of the following:

- (a) salary - senior executive receives a fixed sum payable monthly in cash;
- (b) bonus - each executive is eligible to participate in a profit participation plan if deemed appropriate;
- (c) long term incentives - each senior executive may participate in share option schemes which have been approved by shareholders; and
- (d) other benefits – senior executive are eligible to participate in superannuation schemes.

#### Non-executive remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for directors is currently \$500,000.

It is recognised that non-executive directors' remuneration is ideally structured to exclude equity based remuneration. However, whilst the Company remains small and the full Board, including the non-executive directors, are included in the operations of the Company more intimately than may be the case with larger companies the non-executive directors are entitled to participate in equity based remuneration schemes.

All directors are entitled to have their indemnity insurance paid by the Company.

#### Profit participation plan

Performance incentives may be offered to executive directors and senior management of the Company through the operation of a profit participation plan at the ultimate discretion of the Board.

This policy is reviewed **annually**

## **11. NOMINATION COMMITTEE CHARTER**

At this stage the Board of Directors shall carry out the principle functions of the Nomination Committee. The charter below describes the goals to which the Company shall aspire in relation to its nomination strategies when the Company is of a sufficient size to warrant it. In the meantime the charter will be adhered to, to the extent to which it is relevant.

### ***Functions and responsibilities***

The Nomination Committee is a committee of the Board with its principle functions being to:

- (a) review the composition of the Board and ensure that the Board has an appropriate mix of skills and experience to properly fulfil its responsibilities; and
- (b) ensure that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

### ***Composition***

The Committee shall comprise at least three directors, the majority of whom, where possible, will be non-executive directors, one of whom will be appointed the Committee Chairman. The Board may appoint additional directors to the Committee or remove and replace members of the Committee by resolution.

The Company Secretary shall be the Secretary of the Committee and shall attend meetings of the Committee as required.

### ***Meetings***

The Committee will meet at least once a year and additionally as circumstances may require. Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.

Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals may be held or concluded by way of a circular written resolution or conference call.

A quorum shall comprise any two members of the Committee. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman.

Decisions will be based on a majority of votes with the Chairman having a casting vote.

The Committee may invite executive management team members or other individuals, including external third parties to attend meetings of the Committee, as they consider appropriate.

### ***Access***

Members of the Committee have rights of access to the books and records of the Company to enable them to discharge their duties as Committee members,

except where the Board determines that such access would be adverse to the Company's interests.

The Committee may consult independent experts where the Committee considers this necessary to carry out its duties and responsibilities. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

### ***Responsibilities***

The Committee shall periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of directors. In particular, the Committee is to:

- (a) identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company;
- (b) approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
- (c) assess and consider the time required to be committed by a non-executive director to properly fulfil their duty to the Company and advise the Board.
- (d) consider and recommend to the Board candidates for election or re-election to the Board at each annual shareholders' meeting;
- (e) review directorships in other public companies held by or offered to directors and senior executives of the Company;
- (f) review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board;
- (g) make recommendations to the Board on the appropriate size and composition of the Board; and
- (h) make recommendations to the Board on the terms and conditions of appointment to, and removal and retirement from, the Board.

This policy is reviewed every **two years**

## 12. DIVERSITY POLICY

The Company is committed to actively managing diversity as a means of enhancing the Company's performance by recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees.

Diversity involves recognising and valuing the unique contribution people can make because of their individual background and different skills, experiences and perspectives, including persons with co-existing domestic responsibilities. Diversity may result from a range of factors including age, gender, ethnicity, cultural background or other personal factors. The Company values the differences between its people and the contribution these differences make to the Company.

### ***Role of the Board***

It is the responsibility of the Board to foster an environment where:

- (a) Individual differences are respected.
- (b) The ability to contribute and access employment opportunities is based on performance, skill and merit.
- (c) Inappropriate attitudes, behaviours and stereotypes are confronted and eliminated.

### ***Objectives***

The Company encourages diversity in employment, and in the composition of its Board, as a means of ensuring the Company has an appropriate mix of skills and talent to conduct its business and achieve the Company's goals.

Specifically, the Company will provide equal opportunities in respect to employment and employment conditions, including:

- (a) **Hiring:** The Board will ensure appropriate selection criteria based on diverse skills, experience and perspectives is used when hiring new staff, including Board members. Job specifications, advertisements, application forms and contracts will not contain any direct or inferred discrimination. The Board is empowered to engage professional consultants to assist in the hiring process by presenting diverse candidates to the Company for consideration.
- (b) **Training:** All internal and external training opportunities will be based on merit and in light of Company and individual needs. The Board will consider senior management training and executive mentoring programs to develop skills and experience to prepare employees for senior management and Board positions.
- (c) **Career Advancement:** All decisions associated with career advancement, including promotions, transfers, and other assignments, will meet the Company's needs and be determined on skill and merit.

### ***Achieving diversity***

As a priority, the Company will focus on the participation of women on its Board and within senior management. The Board will set measurable objectives for achieving gender diversity that are appropriate for the Company, which will be disclosed in the Company's Annual Report.

The measurable objectives to be set may include:

- (a) procedural/structural objectives;
- (b) initiatives and programs and/or targets in respect of:
  - (i) the number of women employed by (or who are consultants to) the economic group controlled by the Company;
  - (ii) the number of women on the Board;
  - (iii) the nature of the roles in which women are employed, including on full time, part time or contracted bases, and in leadership, management, professional speciality or supporting roles; and
  - (iv) the relative participation of men and women at different remuneration bands.

The Board may also set measurable objectives in relation to other aspects of diversity that are appropriate for the Company. These objectives may also include:

- (a) procedural/structural objectives;
- (b) initiatives and programs and/or targets in respect of:
  - (i) the number of persons employed by (or who are consultants to) the economic group controlled by the Company; the number of persons on the Board;
  - (ii) the nature of the roles in which persons are employed, including on full time, part time or contracted bases, and in leadership, management, professional speciality or supporting roles; and
  - (iii) the participation of persons at different remuneration bands, each by reference to age, ethnicity and cultural background.

### ***Work environment***

The Company will ensure that all officers, employees and contractors have access to a work environment that is free from harassment. The Company will not permit unwanted conduct based on an officer, employee or contractor's personal circumstances or characteristics.

The Board and senior managers are required to ensure that the work environment is harassment free, and to ensure that complainants or reports of sexual, racial or other harassment are treated seriously, confidentially, and sympathetically by the Company.

### ***Reporting Responsibility***

It is the responsibility of all directors, officers and employees to comply with the Company's Diversity Policy and report violations or suspected violations in accordance with this Diversity Policy.

The Board will proactively monitor Company performance in meeting the standards and policies outlined in this Policy. This will include an annual review of the diversity objectives set by the Board, and its progress in achieving them.

The Board will consider setting key performance indicators for the Board, the Chief Executive Officer and senior executives that are linked to the achievement of the diversity objectives set by the Board.

### ***Compliance with this Diversity Policy***

Any breach of compliance with this Diversity Policy is to be reported directly to the Chief Executive Officer or Chair, as appropriate. Anyone breaching this Diversity Policy may be subject to disciplinary action, including termination.

This policy is reviewed regularly and at least annually.