



CORPORATE GOVERNANCE & POLICIES MANUAL

(ADOPTED 2012)

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INTRODUCTION

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

Except to the extent indicated in this document and in the Company's subsequent Annual Reports the Company has resolved that for so long as it is admitted to the official list of the ASX it shall abide by the ASX Recommendations where applicable. The Board may from time to time determine to depart from the ASX Recommendations in certain particulars having regard to the circumstances of the Company, including its size, stage of development and other material factors.

These policies have been adopted on the basis that, in the circumstances of the Company, they reflect what is considered to reflect reasonable aspiration. Their object is to focus attention upon the issues they address and create awareness of those issues and the pitfalls that one could otherwise fall into inadvertently. This is to develop a culture conducive to good practices. Adhering to the following policies is a condition of each contract of employment.

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

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Companies should establish and disclose the respective roles and responsibilities of Board and management

Recommendations

- 1.1. Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.
- 1.2. Companies should disclose the process for evaluating the performance of senior executives.
- 1.3. Companies should provide the information indicated in the Guide to Reporting on Principle 1.

2. STRUCTURE THE BOARD TO ADD VALUE

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

Recommendations

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

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Companies should actively promote ethical and responsible decision-making.

Recommendations

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

- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;
 - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- 3.2. Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.
- 3.3. Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.
- 3.4. Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.
- 3.5. Companies should provide the information indicated in Guide to Reporting on Principle 3.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

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

Recommendations

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

5. MAKE TIMELY AND BALANCED DISCLOSURE

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

ASX'S EIGHT CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

continued

Recommendations

- 5.1. Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
- 5.2. Companies should provide the information indicated in the Guide to Reporting on Principle 5.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

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

Recommendations

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

7. RECOGNISE AND MANAGE RISK

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

Recommendations

- 7.1. Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- 7.2. The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
- 7.3. The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- 7.4. Companies should provide the information indicated in Guide to Reporting on Principle 7.

8. REMUNERATE FAIRLY AND RESPONSIBLY

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

Recommendations

- 8.1. The Board should establish a Remuneration Committee.
- 8.2. The Remuneration Committee should be structured so that it:
 - consists of a majority of independent directors;
 - is chaired by an independent director;
 - has at least three members.
- 8.3. Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
- 8.4. Companies should provide the information indicated in Guide to Reporting on Principle 8.

LIST OF ADOPTED CHARTERS & POLICIES

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

1. Board Charter
2. Audit 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
12. Directors Independence Questionnaire

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 instil the culture contemplated by and compliance with this.

BOARD CHARTER

1. ROLE

The Board's primary role is to represent shareholders and to promote and protect the interests of **Vital Metals Limited** by governing the Company.

2. COMPOSITION

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

It is a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board. 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 an independent director (or a director who does not have a conflict of interest) to 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 fulfill its role the Board is responsible for:

- developing initiatives for profit and asset growth, setting strategic operational and financial objectives, and monitoring progress against those objectives;
- acting on behalf of, and being accountable to, the Shareholders;
- identifying business risks and implementing actions to manage those risks and corporate systems to assure quality;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis; including,
- 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;
- ensuring that there are effective corporate governance policies and practices in place;
- approving and monitoring budgets, capital management and acquisitions and divestments;
- approving and monitoring all financial reporting to the market;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable);
- appointment of external auditors and principal professional advisors; and
- formal determinations that are 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 (or equivalent) 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 (or equivalent) 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.

An informal process of Board review is outlined in the Nomination Committee Charter.

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.

7. BOARD MEETINGS

There must be two Directors present at a meeting to constitute a quorum.

The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required.

Non-executive Directors may confer at scheduled times without management being present.

BOARD CHARTER continued

The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors after each meeting.

The Company Secretary shall distribute supporting papers for each meeting of the Board as far in advance as practicable.

Minutes of meetings must be approved at the next Board meeting.

Further details regarding board meetings are set out the Company's Constitution.

8. THE COMPANY SECRETARY

When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committees and between senior executives and non-executive Directors.

The Company Secretary is to facilitate the induction of new Directors.

The Company Secretary is to facilitate the implementation of Board policies and procedures.

The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the ASX Listing Rules and applicable other laws.

All Directors have access to the advice and services provided by the Company Secretary.

The Board has the responsibility for the appointment and removal of the Company Secretary.

9. DISCLOSURE POLICY

The Board should ensure that the Company has in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company or its listed debt securities.

10. MATERIALITY THRESHOLD

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

(a) **Materiality – Quantitative**

Balance sheet items

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

Profit and loss items

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

BOARD CHARTER continued

(b) Materiality – Qualitative

Items are also material if:

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

(c) Material Contracts

Contracts will be considered material if:

- (i) they are outside the ordinary course of business;
- (ii) they contain exceptionally onerous provisions in the opinion of the Board;
- (iii) they impact on income or distribution in excess of the quantitative tests;
- (iv) there is a likelihood that either party will default, and the default may trigger any of the quantitative tests;
- (v) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- (vi) they contain or trigger change of control provisions;
- (vii) they are between or for the benefit of related parties; or
- (viii) they otherwise trigger the quantitative tests.

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

AUDIT COMMITTEE CHARTER

1. COMPOSITION

An Audit Committee is to be maintained comprising at least three persons, one of whom at least must be a director.

The Audit Committee should be of sufficient size, independence and technical expertise to discharge its mandate effectively. Where practicable, executive directors will not be on the Audit Committee or, if on the Audit Committee, will have voting minority.

The Audit Committee will appoint a Secretary to the Committee.

2. ROLE

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

3. OPERATIONS

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

4. RESPONSIBILITIES

The charter of the Audit Committee is to:

- review the annual, half-year and concise (if any) financial reports and other financial information distributed externally, including new accounting policies to ensure compliance with International Accounting Standards and generally accepted accounting principles;
- monitor corporate risk assessment processes;
- consider whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor is to provide an annual declaration of independence;
- review the nomination and performance of the external auditor;
- ensure that adequate handovers occur in the year prior to rotation of an audit partner, to ensure an efficient and effective audit under the new partner.
- monitor the establishment of appropriate ethical standards;
- monitor the procedures to ensure compliance with the Corporations Act 2001 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

- review the performance of the external auditors on an annual basis and meets 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;
 - 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;
- organise, review and report as required on any special reviews or investigations deemed necessary by the Board.

5. SELECTION, APPOINTMENT AND ROTATION OF EXTERNAL AUDITORS

The Audit Committee will monitor the Company's External Auditors from year to year to ensure independence and quality of service. Any need for change would result in seeking proposals from suitably experienced firms.

All external auditors will be required 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).

REMUNERATION COMMITTEE CHARTER

1. COMPOSITION

The Remuneration Committee is comprised of the full Board. The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

2. OPERATIONS

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

3. ROLE

The function of the Remuneration Committee is to fulfil 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 Committee shall include a comparative review of the packages by gender where appropriate.

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.

4. REPORTING PROCEDURES

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

REMUNERATION COMMITTEE CHARTER continued

5. RESPONSIBILITIES

The duties of the Remuneration Committee are to:

- (a) fulfil its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for directors and senior executives;
- (b) assess the market to ensure that senior executives are being rewarded commensurate with their responsibilities;
- (c) obtain the best possible advice in establishing salary levels;
- (d) set policies for senior executives' remuneration;
- (e) review the salary levels of senior executives;
- (f) review recommendations from the Managing Director (or equivalent) relating to proposed merit increases;
- (g) propose the terms and conditions of employment for the Managing Director (or equivalent);
- (h) undertake a review of the Managing Director's (or equivalent) performance, at least annually, including setting the Managing Director (or equivalent) goals for the coming year and reviewing progress in achieving those goals;
- (i) review recommendations from the Managing Director (or equivalent) on each senior executive's performance evaluations;
- (j) set the criteria for negotiating any enterprise bargain agreement;
- (k) review the Company's recruitment, retention and termination policies and procedures for senior management;
- (l) review the Company's incentive schemes;
- (m) review the Company's superannuation arrangements; and
- (n) review the remuneration of both executive and non-executive Directors.

NOMINATION COMMITTEE CHARTER

1. COMPOSITION

The Nomination Committee is comprised of the full Board and may seek external advice where appropriate.

2. ROLE

The role of the Nomination Committee is to identify and recommend candidates to determine the appropriateness of director nominees for election to the Board, and to review Board performance.

The Board recognises the benefits of appointing directors with a blend of skills, experience and attributes appropriate for the Company's operations and size in order to achieve its strategic and corporate goals.

An informal process of Board review which may be used by the Board requires each director to complete a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board and its members. Senior executives having most direct contact with the Board may also be invited to complete similar questionnaires. Responses to the questionnaires are confidential and provided direct to the Chair. The Board as a whole then hold a facilitated discussion during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with the Board as a whole.

The Chair of the Board may also meet individually with each Board member to discuss their performance. Non-executive directors may also meet to discuss the performance of the Chair or the Managing Director.

3. OPERATIONS

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

4. RESPONSIBILITIES

The responsibilities of the Nomination Committee are:

- to implement processes to assess the necessary and desirable competencies of Board members including, experience, expertise, skills and performance of the Board and its committees;
- to provide new directors with an induction to the Company;
- to provide all directors with access to ongoing education relevant to their position in the Company;
- provide a succession plan for directors and Managing Director (or equivalent) in order to maintain an appropriate mix of skills, experience, expertise and diversity on the Board;
- evaluate the performance of the Managing Director (or equivalent);

NOMINATION COMMITTEE CHARTER continued

- review time required for non-executive directors to perform their duties;
- annually evaluate the performance and effectiveness of the Board to facilitate the directors fulfilling their responsibilities in a manner that serves the interests of shareholders;
- before recommending an incumbent, replacement or additional director, 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;
- assist in identifying, interviewing and recruiting candidates for the Board including reviewing whether professional intermediaries should be used to identify candidates;
- annually review and report to the Board on the proportion of women at all levels of the Company;
- annually review the composition of each committee and present recommendations for committee memberships to the Board as needed.

CODE OF CONDUCT

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 equivalent) 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

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

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

1. Introduction

These guidelines set out the policy on the sale and purchase of securities in the Company by the Company Personnel.

Company Personnel are those persons engaged by the Company on a full or part time basis and includes employees, contractors, consultants and management personnel controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Company Personnel are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

The purpose of these guidelines is to assist Company Personnel to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the *Corporations Act 2001* (Cth).

2. What types of transactions are covered by this policy?

This policy applies to both the sale and purchase of any securities of the Company and its subsidiaries on issue from time to time.

3. What is insider trading?

3.1 Prohibition

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (i.e. information that is 'price sensitive'); and
- (b) that person:
 - (i) buys or sells securities in the Company; or
 - (ii) procures someone else to buy or sell securities in the Company; or
 - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

3.2 Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to materially affect the price of the Company's securities:

- (a) the Company considering a major acquisition;
- (b) the threat of major litigation against the Company;
- (c) the Company's revenue and profit or loss results materially exceeding (or falling short of) the market's expectations;
- (d) a material change in debt, liquidity or cash flow;
- (e) a significant new development proposal (e.g. new product or technology);
- (f) the grant or loss of a major contract;
- (g) a management or business restructuring proposal;
- (h) a share issue proposal;
- (i) an agreement or option to acquire an interest in a mining tenement, or to enter into a joint venture or farm-in or farm-out arrangement in relation to a mining tenement; and
- (j) significant discoveries, exploration results, or changes in reserve/resource estimates from mining tenements in which the Company has an interest.

3.3 Dealing through third parties

The insider trading prohibition extends to dealings by individuals through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as "**Associates**" in these guidelines).

3.4 Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information.

3.5 Employee share schemes

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

4. GUIDELINES FOR TRADING IN THE COMPANY'S SECURITIES

4.1 General rule

Company Personnel must not, except in exceptional circumstances deal in securities of the Company during the following periods:

- (a) one week prior to, and 24 hours after the release of the Company's Annual Financial Report;
- (b) one week prior to, and 24 hours after the release of the Consolidated Interim Financial Report of the Company; and
- (c) one week prior to, and 24 hours after the release of the Company's quarterly reports,

(together the **Closed Periods**).

The Company may at its discretion vary this rule in relation to a particular Closed Periods by general announcement to all Company Personnel either before or during the Closed Periods. However, if any Company Personnel is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at **any** time.

3.2 No short-term trading in the Company's securities

Company Personnel should never engage in short-term trading of the Company's securities except for the exercise of options where the shares will be sold shortly thereafter.

3.3 Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally available to the market and is 'price sensitive'. For example, where an individual is aware that the Company is about to sign a major agreement with another company, they should not buy securities in either the Company or the other company.

3.4 Exceptions

- (a) Company Personnel may at any time:
 - (i) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
 - (ii) acquire Company securities under a bonus issue made to all holders of securities of the same class;
 - (iii) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;

SECURITIES TRADING POLICY continued

- (iv) acquire, or agree to acquire or exercise options under a Company Share Option Plan;
- (v) withdraw ordinary shares in the Company held on behalf of the any Company Personnel in an employee share plan where the withdrawal is permitted by the rules of that plan;
- (vi) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
- (vii) transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- (viii) make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (ix) where a restricted person is a trustee, trade in the securities of the Company by that trust, provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- (x) undertake to accept, or accept, a takeover offer;
- (xi) trade under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- (xii) dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
- (xiii) exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; or
- (xiv) trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.

- (b) In respect of any share or option plans adopted by the Company, it should be noted that it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs outside the periods specified in paragraph 4.1.
- (c) Were this is to occur at a time when the person possessed inside information, then the sale of Company securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge, a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

3.5 Notification of periods when Company Personnel are not permitted to trade

The Company Secretary will endeavour to notify all Company Personnel of the times when they are not permitted to buy or sell the Company's securities as set out in paragraph 4.1.

5. APPROVAL AND NOTIFICATION REQUIREMENTS

5.1 Approval requirements

- (a) Any Company Personnel (other than the Chairman) wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Chairman or the Board before doing so.
- (b) If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities, the Chairman must obtain the prior approval of the Board before doing so.

4.2 Approvals to buy or sell securities

- (a) All requests to buy or sell securities as referred to in paragraph 5.1 must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.
- (b) Copies of written approvals must be forwarded to the Company Secretary prior to the approved purchase or sale transaction.

4.3 Notification

Subsequent to approval obtained in accordance with paragraphs 5.1 and 5.2, any Company Personnel who (or through his or her Associates) buys, sells, or exercises rights in relation to Company securities **must** notify the Company Secretary in writing of the details of the transaction within five (5) business days of the transaction occurring. This notification obligation **operates at all times** but does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme.

4.4 Company Personnel sales of securities

Company Personnel need to be mindful of the market perception associated with any sale of Company securities and possibly the ability of the market to absorb the volume of shares being sold. With this in mind, the management of the sale of any significant volume of Company securities (i.e. a volume that would represent a volume in excess of 10% of the total securities held by the seller prior to the sale, or a volume to be sold that would be in excess of 10% of the average daily traded volume of the shares of the Company on the ASX for the preceding 20 trading days) by a Company Personnel needs to be discussed with the Board and the Company's legal advisers prior to the execution of any sale. These discussions need to be documented in the form of a file note, to be retained by the Company Secretary.

4.5 Exemption from Closed Periods restrictions due to exceptional circumstance

Company Personnel who are not in possession of inside information in relation to the Company, may be given prior written clearance by the Managing Director or Chief Executive Officer (or in the case of the Managing Director or Chief Executive Officer by all members of the Board) to sell or otherwise dispose of Company securities in a Closed Period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

4.6 Severe financial hardship or exceptional circumstances

The determination of whether a Company Personnel is in severe financial hardship will be made by the Managing Director or Chief Executive Officer (or in the case of the Managing Director or Chief Executive Officer by all members of the Board).

A financial hardship or exceptional circumstances determination can only be made by examining all of the facts and if necessary obtaining independent verification of the facts from banks, accountants or other like institutions.

4.7 Financial hardship

Company Personnel may be in severe financial hardship if they have a pressing financial commitment that cannot be satisfied other than by selling the securities of the Company.

In the interests of an expedient and informed determination by the Managing Director or Chief Executive Officer (or all other members of the Board as the context requires), any application for an exemption allowing the sale of Company securities in a Closed Period based on financial hardship must be made in writing stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the person's accountant, bank and other such independent institutions (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

4.8 Exceptional circumstances

Exceptional circumstances may apply to the disposal of Company securities by a Company Personnel if the person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell securities of the Company, or there is some other overriding legal or regulatory requirement to do so.

Any application for an exemption allowing the sale of Company securities in a Closed Period based on exceptional circumstances must be made in writing and be accompanied by relevant court and/or supporting legal documentation (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

6. ASX NOTIFICATION FOR DIRECTORS

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

7. EFFECT OF COMPLIANCE WITH THIS POLICY

Compliance with these guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

RISK MANAGEMENT POLICY

The Risk Committee is established by the Board to ensure that the Company has 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

A Risk Committee is to be maintained comprising at least three persons, one of whom at least must be a director.

The Board's collective experience will generally enable identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings. 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 Company's policy on conflicts of interest.

2. ROLE

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

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

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 Company that may result from the occurrence of an identifiable corporate risk.

3. REPORTING PROCEDURES

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:

- risks are identified and monitored through a systematic review of the organization 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;

RISK MANAGEMENT POLICY continued

- adequate policies and procedures have been designed and implemented to manage risks identified;
- 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;
- 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) 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 Company 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 Company'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 Company 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 Company 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 Company pays due attention to ethical considerations in implementing the Company's policies and practices;

RISK MANAGEMENT POLICY continued

- adopting procedures and policies for the improvement and preservation of the reputation of the Company; and
- ensuring that the Company has put appropriate insurance in place.

SHAREHOLDER COMMUNICATION POLICY

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 – year financial 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

1. PURPOSE

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 which aims to be listed on ASX. It will be 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

Disclose 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 the 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. 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.

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 (or equivalent) is responsible for determining what information is to be disclosed. Where there is doubt as to whether certain information should be disclosed, the full Board will be consulted, and if necessary, seek external advice. The following provides a guide as to the type of information that is likely to require disclosure. This is not an exhaustive list. The determination of whether certain information is material price sensitive information which is subject to continuous disclosure necessarily involves the use of judgment. There will inevitably be situations where the issue is less than clear.

Matters which generally require disclosure include:

- significant exploration or mining results;
- a change in the quantum or nature of the Company's mineral resources and/or 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 one will not be declared;
- changes in the Board of Directors, senior executives or auditors.

CONTINUOUS DISCLOSURE POLICY continued

- a change in the Company's accounting policy;
- an agreement between the Company (or a related party or subsidiary) and a director (or a related party 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);
- giving or receiving a 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 smaller amount may qualify in a particular case);
- 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 businesses 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

The Company is dedicated to managing diversity as a means of enhancing the Company's performance and organisational capabilities by recognising and utilising the contribution of diverse skills and attributes of all of 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. Diversity may result from a range of factors including age, gender, ethnicity, cultural background or other personal circumstance or attribute. The Company values the differences between its personnel and the valuable contribution that these differences can make to the Company.

Objectives

The Company encourages diversity in employment, and in the composition of its Board, as a means of ensuring that the Company has access to an appropriate mix of skills and talents to enable it to conduct its business and achieve the Company's goals in an effective manner.

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

1. **Hiring:** The Board will encourage appropriate selection criteria based on diverse skills, experience and perspectives are 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 recruitment consultants to assist in the hiring process by presenting diverse candidates to the Company for consideration.
2. **Training.** 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. The Board will consider training programs to enhance the skills and capabilities throughout its workforce.
3. **Career Advancement.** All decisions associated with career advancement, including promotions, transfers, and other assignments, will be made in strict accordance with the Company's needs and be based on performance, skills and merit.

Achieving diversity

The Company will encourage diversity and foster an environment within the Company that respects diversity in the work place and promotes equal opportunities for employment and 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 will set measurable diversity objectives which may include procedural or structural objectives; initiatives and programs and/or targets in respect of diversification of employees, management and supporting roles, that are appropriate for the Company, and which will be disclosed in the Company's Annual Report.

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 may 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.

The Board will include in the Annual Report each year:

1. the measurable objectives, if any, set by the Board;
2. progress against the objectives; and
3. the proportion of women employees in the whole organisation, at senior management level and at Board level.

Compliance with this Diversity Policy

Any breach of compliance with this *Diversity Policy* is to be reported directly to the Managing Director (or equivalent), Chairman or a Board member as appropriate. Anyone breaching this Diversity Policy may be subject to disciplinary action, including termination.