



## **CORPORATE GOVERNANCE POLICIES**

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## 1. BOARD CHARTER

### Purpose

The Board Charter sets out the role and responsibilities of the Board of Champion Iron Limited, within the framework of the ASX Corporate governance guidelines, laws and regulation and the Constitution of the Company.

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

### Composition

The composition of the Board is determined using the following principles:

- A minimum of three directors, with a broad range of business expertise; and
- Directors should bring characteristics which allow a mix of qualifications, skills, experience, expertise and diversity on the Board.

Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent. Loss or gain of independence will be disclosed as applicable.

In determining whether a director is independent the Board will consider whether the director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Is employed, or has previously been employed in executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the board.
- Has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided.
- Is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company or other group member other than as a Director of the Company.

### Roles of the Board

The Board operates within the broad principles and responsibilities described in the following:

- Setting the strategic aims of the Company and overseeing management's performance within that framework.
- Making sure that the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives.
- Overseeing management's performance and the progress and development of the Company's strategic plan.
- Selecting and appointing suitable Executive Directors with the appropriate skills to help the Company in the pursuit of its objectives.

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- Determining the remuneration policy for the Board members, Company Secretary and Senior Management.
- Controlling and approving financial reporting, capital structures and material contracts.
- Ensuring that a sound system risk management and internal controls are in place.
- Setting the Company's values and standards.
- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council
- Ensuring that the Company's obligations to shareholders are understood and met
- Ensuring the health, safety and well-being of employees in conjunction with the senior management team, including developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees
- Ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking
- Any other matter considered desirable and in the interest of the Company.

### **Roles of the Chairman and Executive Director**

The Company is aware of the importance of a balanced Board, in line with the guidelines of the ASX Corporate Governance guidelines.

The Chairman is responsible for the following:

- Providing the necessary direction required for an effective Board.
- Ensuring that all the Directors receive timely and accurate information so that they can make informed decisions on matters of the Company.
- Ensuring that the Board collectively and individual directors' performance is assessed annually.
- Encouraging active engagement from all members of the Board.

The Executive Director is responsible for:

- The executive management of the company's operations.
- Policy direction of the operations of the Company.
- The efficient and effective operation of the Company.
- Ensuring all material matters affecting the Company are brought to the Board's attention.

### **Company Secretary**

The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- Ensuring a good flow of information between the Board, its committees, non-executive directors and executive directors.
- Monitoring policies and procedures of the Board.
- Advising the Board through the Chairman of corporate governance policies.
- Providing support and advice to individual directors, various board committees, senior executives and the Board in general.
- Conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.
- Ensuring that compliance systems relating ASX Listing Rules and the Corporations Act are maintained and the Company and Board adhere to those.
- Disseminating regulatory news announcement to the ASX.

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The appointment, removal and remuneration of the Company Secretary is a matter of the Board.

### **Board Meetings**

The Board may meet as often as required to fulfil their responsibilities.

To assist the smooth running of Board processes: Board Papers are to be provided to the Board and invitees, where possible, 3 days prior to the meeting. Draft minutes of meeting are to be sent to Chairman and other directors within 14 days following the meeting.

The Board may review this policy from time to time. This is an indicative cycle only. The actual timing of events in the lead up to and follow up from Board meetings will be dependent upon the circumstances surrounding each individual meeting.

### **Board Committees**

The Board from time to time establishes committees to assist in carrying out its responsibilities and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

The Board has decided that due size, composition and structure of the Board, there is no current requirement for the formation of any committees outside the Board forum.

As such, the roles of an Audit, Remuneration and Nomination Committee will be performed by the Board, as and when necessary. The requirements for these committees will be reviewed annually based on the size, composition and structure of the Board and management.

Where the Company is carrying out matters associated with public capital raisings, the Board will appoint a due diligence committee to oversee the process and the issue of any disclosure documents.

### **Induction and Education**

It is the policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- Details of the roles and responsibilities of a Director;
- Formal policies on Director appointment as well as conduct and contribution expectations;
- Access to a copy of the Corporate Governance Manual;
- Guidelines on how the Board processes function;
- Details of past, recent and likely future developments relating to the Board;
- Background information on and contact information for key people in the organisation;
- An analysis of the Company;
- The culture and values of the Company;
- Board meeting arrangements;
- How the Directors are expected to interact with each other, senior executives and other stakeholders;
- A synopsis of the current strategic direction of the Company; and
- A copy of the Constitution of the Company.

New Directors are also provided with letters of appointment to the Board, setting out the key terms and conditions relative to the appointment.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified and to receive continuing education concerning key developments in the Company and in the industry and environment within which the Company operates.

**Performance Assessment**

The Company undertakes an annual performance as it is dedicated:

- To examine the impact of the effectiveness of its Directors, Board, and Board Committees.
- To review and improve on the quality and performance of the entire Board and committee structure.

The evaluation process is focused on objective and tangible criteria such as:

- Performance of the Company.
- Accomplishment of long term strategic objectives.
- Development of management.
- Growth in shareholder value.

The performance evaluation is conducted in such manner as the Board deems appropriate.

**Independent Professional Advice**

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities, subject to the prior approval of the Chairman whose approval will not be unreasonably withheld. If permission is withheld, the matter may be referred to the whole Board.

**Information Seeking Protocol**

Directors will adhere to the following protocol when seeking information:

- Approach the Executive Director to request the required data;
- If the data is not forthcoming, approach the Chairman;
- if the information is still not forthcoming, write a letter to all Board members and the Executive Director detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information; and
- As a last resort, employ the provisions of the Corporations Act.

## 2. BOARD PERFORMANCE EVALUATION POLICY

### Board of Directors

This policy is to ensure individual directors and the Board as a whole work efficiently and effectively in achieving their functions.

Each year the Board will undertake the following activities:

- The Chairperson will meet with each non-executive director separately to discuss individual performance and ideas for improvement.
- The board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement.

### Executive Directors and Key Executives

This policy is to ensure the Executive Director and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives. In order to accomplish this:

- Each year the Board reviews the Company's strategy.
- Following such a review the Board sets the organisation performance objectives based on qualitative and quantitative measures.
- These objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business.
- These objectives form part of the performance targets for the Executive Director.
- Performance against these objectives is reviewed annually by the Board and is reflected in the Executive Directors remuneration review.

### Board Committees

This policy is to ensure committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in their charter.

Each year the Board will undertake the following activities:

- The Board will review the necessity of establishing any committees and delegating certain of its responsibilities to the committee.
- The Board will review the committees achievements during the year based on their duties.
- The Board will review the charters of the committees once per year to ensure that they are up to date.

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

Champion Iron Limited is committed to promoting good corporate conduct grounded by strong ethics and responsibility.

This Code of Conduct addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and will be published on the Company's website.

This code applies equally to all directors, employees, contractors and officers of the Company.

#### **Purpose**

All stakeholders are entitled to expect the highest professional standards from employees, directors and officers of the Company. Compliance with this Code and the Company's other policies, will ensure compliance with the Corporations Act and will contribute to the good corporate governance of the Company.

#### **Discharge of Duties**

Directors must discharge their duties at the highest levels of honesty and integrity, acting in good faith and in the best interests of the whole Company, having regard to their position, and the organisation's goals and objectives. This entails taking personal responsibility for all issues over which they have control, and for reporting any observed breaches of laws or regulations. It also requires that they do not act in ways which would lead others to question our commitment to the Company.

As appointed officers all Directors will undertake diligent analysis of all proposals placed before the Board, demonstrate commercial reasonableness in decision-making and will act with a level of skill expected from Directors and key executives of a publicly listed Company.

#### **Relationships**

Performance-enhancing teamwork relies on a workplace where people are treated fairly, are respected by their colleagues, and encourage each other to develop corporately and personally. All Directors and key executives are all responsible for making this happen.

The Company is an equal opportunity employer, and discrimination or harassment of any kind will not be tolerated.

In dealings both inside and outside the Company individual Directors will value integrity, accuracy, conciseness and timeliness.

#### **Compliance with Laws and Ethics**

Directors must respect the laws, customs and business practices of the countries in which we operate, without compromising the Code principles. They must also comply with the ethical and technical requirements of relevant regulatory and professional bodies, promote ethical behaviour and will not engage in conduct likely to bring discredit upon the Company.

#### **Conflicts of Interest**

All Directors have an obligation to be independent in judgment and actions and as Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board.

In circumstances where personal interests may conflict with those of the Company, or its stakeholders, steps must be taken to eliminate or manage such conflict.

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Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. Whether an interest is material or not is covered by the materiality threshold set by the board.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors do not have to absent themselves when either

(a) conflict of interest relates to an interest common to all Company members/shareholders or

(b) the Board *passes* a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

Gifts or entertainment must not be accepted where they could create an obligation on the Company to outside parties.

### **Related Party Transactions**

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in writing to each Board meeting.

In general, the Corporations Act requires related party transactions to be approved by the shareholders; the Board cannot approve these transactions. An exemption to this requirement occurs where the financial benefit is given on arm's length terms.

To assist the Board in showing that a financial benefit, such as the awarding of a contract to a company in which a Director is a partner, is given on arm's length terms, the process outlined below will be followed. The Board has also resolved that where applications are made by a related party to a Director or officer of the Company then the Director or officer shall exclude himself/herself from the approval process.

Related party for this process means:

- A spouse or de facto spouse of the Director or officer; or
- A parent, son or daughter of the Director or officer or their spouse or de facto spouse; or
- An entity over which the Director or officer or a related party defined in (a) or (b) has a controlling interest.

### **Confidentiality**

Employees in possession of commercially sensitive information should not disseminate it to colleagues unnecessarily, and certainly not to outside parties.

All individuals are prohibited by law from trading in the Company's securities if they possess commercially sensitive information not released to the ASX. The Board has adopted a Security Trading Policy governing when Directors, key executives and employees are able to buy and sell the Company's securities.

### **Use of Company Assets**

The Company's assets are critical to its business and future success. They include, for example, office and plant equipment. Employees cannot make personal use of assets without permission.

There will be no unreasonable expenditure on benefits such as gifts or entertainment for employees or outside parties.



**Competition**

The Company competes fairly in the situations and markets in which it operates. It does not use coercive or misleading practices, or falsify or wrongly withhold information.

**Environment, Health and Safety**

The Company must take into account the impact of environmental, health and safety issues when making business decisions and in particular, compliance with local laws.

**Breach of the Code**

Employees are under the obligation to ensure that the Code is not breached. Should any of the Company's employees notice any violations of this code, the Executive Director or their immediate supervisor should be notified. In the case where none of the above is available, breaches can be reported to the Chairman of the Company.

The reporting of any violations under this Code will undergo thorough investigation and appropriate actions will be taken under the spirit of the law and this code. Any alleged breach of the code will be dealt with promptly and in fairness. The Company ensures that any employee reporting any alleged breach of this code will not be disadvantaged in any way. Employees must not use the reporting mechanism maliciously or mischievously.

**Review of Code of Conduct**

This Code will be formally reviewed by the Board each year.

#### 4. AUDIT COMMITTEE CHARTER

The Company has established an Audit Committee which consists of non-executive directors. The roles and responsibilities of the Audit Committee are outlined in this section.

##### **Membership**

The Audit Committee will consist of at least three members. Members will be appointed by the Board where possible' from amongst the non-executive, Directors, a majority of who, where possible' will also be independent. In addition, the Audit Committee will comprise:

- Members who can all read and understand financial statements and are otherwise financially literate;
- At least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and
- At least one member who has an understanding of the industry in which the Company operates.

##### **Chairman**

The Audit Committee will appoint an independent Director, other than the Chairman of the Board, to be the Chairman of the Committee.

##### **Secretary**

The Company Secretary will be the Secretary of the Audit Committee.

##### **Other Attendees**

The Executive Director as well as other members of senior management may be invited to be present for all or part of the meetings of the Audit Committee, but will not be members of the Committee.

Representatives of the external auditor are expected to attend each meeting of the Audit Committee and at least once a year the Committee shall meet with the external auditors without any management staff or executives present.

##### **Quorum**

A quorum will be two members.

##### **Meetings**

Audit Committee meetings will be held not less than four times a year so as to enable the Committee to undertake its role effectively. In addition, the Chairman is required to call a meeting of the Audit Committee if requested to do so by any member of the Audit Committee, the Executive Director, or the external auditor.

##### **Authority**

The Audit Committee is authorised by the Board to investigate any activity within its charter. The Audit Committee will have access to management and auditors with or without management present and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit Committee.

The Audit 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 if it considers this necessary.

The Audit Committee is required to make recommendations to the Board on all matters within the Audit Committee's charter.

**Reporting Procedures**

The Audit Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chairman of the Audit Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Audit Committee meeting along with any recommendations of the Committee.

**Responsibilities of the Audit Committee**

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. In particular, the Audit Committee has the following duties:

Financial Statements

- To review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:
  - Any changes in accounting policies and practices;
  - Major judgmental areas;
  - Significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
  - Compliance with accounting policies and standards; and
  - Compliance with legal requirements.
- To review the evaluation by management of factors related to the independence of the Company's public accountant and to assist them in the preservation of such independence.
- To oversee management's appointment of the company's public accountant.

Related Party Transactions

- To monitor and review the propriety of any related party transactions.

External Audit Function:

- To recommend to the Board the appointment of the external auditor.
- Each year, to review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.
- To discuss with the external auditor before the audit commences the nature and scope of the audit,
- To meet privately with the external auditor on at least an annual basis.
- To determine that no management restrictions are being placed upon external auditor.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- To review the external auditor's management letter and management's response.
- To review any regulatory reports on the Company's operations and management's response.

Communication

- Providing, through regular meetings, a forum for communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors.

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- Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.
- Establishing procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously.

### Assessment of Effectiveness

- To evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with operating management and the external auditors.

### Oversight of the Risk Management System

- To oversee the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk throughout the Company. This system will include the Company's internal compliance and control systems.
- To review at least annually the Company's risk management systems to ensure the exposure to the various categories of risk are minimised prior to endorsement by the board.
- To evaluate the Company's exposure to fraud.
- To take an active interest in ethical considerations regarding the Company's policies and practices.
- To monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest.
- To identify and direct any special projects or investigations deemed necessary.
- To ensure the appropriate engagement, employment and deployment of all employees under statutory obligations.
- To ensure a safe working culture is sustained in the workforce.
- To determine the Company's risk profile describing the material risks, including both financial and non-financial matters, facing the company.
- To regularly review and update the risk profile.

## 5. REMUNERATION AND NOMINATION COMMITTEE CHARTER

The Company has established a Remuneration and Nomination Committee which comprises of three members, two of whom are non-executive directors.

### **Membership**

The Remuneration & Nomination Committee shall be appointed by the Board from among the non-executive Directors of the Company and shall consist of not less than three members with the majority being independent Directors.

Directors will be appointed to the Remuneration and Nomination Committee for a term of three years or such shorter time as they remain in the office of Director. Directors may not serve consecutive terms on the Remuneration and Nomination Committee.

The Company will, where possible, limit the use of Executive Directors to serve on the Remuneration Committee in order to address the potential for, or perception of, conflict of interest or Executive Director involvement in Board decisions on their remuneration packages.

### **Chairman**

The Remuneration and Nomination Committee shall appoint an independent Director as the Chairman of the Committee.

### **Secretary**

The Company Secretary shall be the Secretary of the Remuneration and Nomination Committee.

### **Quorum**

A quorum shall be two members, however the Remuneration Committee shall be of a sufficient size and independence to discharge its mandate effectively.

### **Meeting Frequency**

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

### **Reporting Procedures**

The Secretary shall circulate the minutes of the meetings of the Remuneration and Nomination Committee to all members of the Committee for comment and change before being signed by the Chairman of the Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the committee meeting along with any recommendations of the Remuneration and Nomination Committee.

If requested by the Board, the Remuneration and Nomination Committee shall also report on the Company's progress against its workplace diversity objectives for inclusion in the Annual Report.

### **Duties**

The duties of the Committee are set out below.

#### Remuneration Duties

The remuneration duties of the Committee are to:

- Assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for directors and senior executives;

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- Assess the market to ensure that senior executives are being rewarded commensurate with their responsibilities;
- Obtain the best possible advice in establishing salary levels;
- Set policies for senior executives' remuneration which includes the ability to seek input from senior executives on the remuneration policies but no senior executives will be directly involved in deciding their own remuneration;
- Review the salary levels of senior executives and make recommendations to the Board on any proposed increases;
- Propose, for full Board approval, the terms and conditions of employment for the Managing Director; review the Company's recruitment, retention and termination policies and procedures for senior management;
- Review and make recommendations to the Board on remuneration by gender;
- Review and make recommendations to the Board on the Company's incentive schemes; and
- Review and make recommendations to the Board on the Company's superannuation arrangements.

### Nomination Duties

The nomination duties of the Committee are to:

- Develop and regularly review a policy on Board structure;
- Ensure a transparent Board selection process takes place in searching for and selecting new directors to the Board and provide reports to Shareholders on the processes undertaken.
- Develop criteria for Board membership and identify the factors taken into account in the selection process;
- Identify and screen specific candidates for nomination having regard to any gaps in the skills and experience of the directors on the Board and ensuring that a diverse range of candidates is considered;
- Ensure there is an appropriate induction and orientation program in place and in particular, ensure that new Directors gain an understanding of the culture and values of the Company, meeting arrangements and director interaction with each other, senior executives and senior stakeholders;
- Make recommendations to the Board for committee membership;
- obtain a statement from the Board as to whether it supports the nomination of the proposed candidate(s);
- Ensure there is an appropriate Board succession plan in place to maintain an appropriate mix of skills, experience, expertise and diversity on the Board;
- Ensure the performance of the Board and its members is regularly reviewed;
- Develop with Directors an appropriate training and development program;
- Oversee management's succession planning including the Managing Director and his/her direct reports;
- Assist the Chairman in advising Directors about their performance and possible retirement; and
- Review the policy in respect of tenure, remuneration and retirement of Directors.

## 6. WORKPLACE DIVERSITY POLICY

### Introduction

This section of the Company's corporate governance document sets out the Company's policy on workplace diversity. The Company recognizes the benefits arising from employee and the importance of benefiting from all available personnel. The Company will promote a diverse environment which is conducive to the appointment of well qualified personnel so there is appropriate diversity which will assist with maximizing the achievement of the goals of the Company.

### Board Commitment

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors.

The Board (or if requested by the Board, the Remuneration and Nominations Committee) are responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, CEO and senior executives.

### Strategies

The Company's strategies may include:

- Recruiting from a diverse range of candidates for all positions, including senior executive roles and Board positions;
- Reviewing pre-existing succession plans to ensure that there is a focus on diversity;
- Encourage female participation across a range of roles across the Company;
- Review and report on the relative proportion of women and men in the workforce at all levels of the Company;
- Articulate a corporate culture which supports workplace diversity and in particular, recognizes that employees at all levels of the Company may have domestic responsibilities;
- Develop programs to encourage a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development;
- Any other strategies that the Board or the Nomination Committee develops from time to time

### Reporting

If requested by the Board, the Remuneration and Nominations Committee will report on the Company's progress against the objectives and its strategies for achieving a diverse workplace. The report will also include the proportion of female employees in the Company at senior management level and at Board level for inclusion in the Annual Report each financial year.

## 7. CONTINUOUS DISCLOSURE POLICY

### Continuous Disclosure

The Company is committed to:

- Ensuring that shareholders and the market are provided with full and timely information about its activities;
- Complying with the continuous disclosure obligations contained in the ASX Listing Rules and the applicable sections of the Corporations Act in Australia; and
- Providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company's Disclosure Policy covers financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Company Secretary manages the policy. This policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments.

### Guiding Principle

The Company will immediately notify the market via an announcement to the ASX of any information concerning the Company that a reasonable person would expect to have a "material" effect on the price of the Company's shares or securities or influence an investment decision on those securities.

The Company will ensure that it does not communicate material price sensitive information to an external party expect where that information has previously been disclosed to the ASX.

### ASX Disclosure Carve-Outs

Disclosure is not required, where all of the three following requirements are met:

- A reasonable person would not expect the information to be disclosed;
- The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
- One or more of certain conditions contained in ASX Listing Rule 3.1.3 are satisfied being:

It would be a breach of a law to disclose the information.

- The information concerns an incomplete proposal or negotiation.
- The information comprises matters of supposition or is insufficiently defined to warrant disclosure.
- The information is generated for the internal management purposes of the entity.
- The information is a trade secret.

### "Material" Information

Information is considered material if there is a substantial probability that the information would influence investors in deciding whether to invest in or divest the Company's securities. In particular, results of drilling and sampling programs, economic studies and earnings forecast guidance will not be provided to the market where this has not been released to the market in general.



**Communication Protocols**

Reporting of Material Information

The Company's protocol in relation to the review and release of ASX announcements (and media releases) is as follows:

- Information is determined by the Board, Company Secretary or other employee of the Company as being of a type or nature that may warrant disclosure to the ASX;
- If not known by the Executive Director, all information should be reported to the Executive Director;
- The Executive Director will determine the nature and extent of the information and consult with the Board and Company Secretary to determine the form and content of any ASX Release; The Executive Director will agree on the text of the proposed release and will be responsible for ensuring that Company establishes a vetting procedure to ensure that the announcements are factual and do not omit any material information. The Executive Director will also be responsible for ensuring that Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. The Company Secretary may also be required to draft the release for review and will liaise with the Executive Director and Chairman to ensure all announcements are made in a timely manner;
- Depending on the nature of the release, the sensitivity of the information, availability of the Board, the Executive Director and Chairman will then determine whether the Board, as a whole, should be involved in the review of the Release;
- The Company Secretary will then release the ASX Release to the market, and ensure that the website is updated.

The Company will not release publicly any information required to be disclosed through the ASX until cleared by the ASX.

Authorised Spokespersons

Only authorised persons are allowed to make public statements to external parties, shareholders, investors, stockbroker's analysts or the media in relation on any matters affecting Ventnor Resources Limited.

Currently, those persons authorised are:

- The Chairman.
- The Executive Director.
- Or their delegates nominated for that purpose.

Those authorised employees may clarify information that the Company has publicly released but will not comment on material price sensitive issues that have not been disclosed to the market generally.

Any staff member who receives a request for comment from an external third party is to refer the enquiry to the Executive Director.

Distribution of Information

All information released to the ASX after clearance from the ASX will be promptly placed on the Company's website, the latest within 24 hours.

Any substantive written material or presentations made to institutions, stockbrokers or shareholders, which do not contain material information, will be placed on the company web site prior to such presentations and be sent to the ASX.

### **Management Responsibilities**

The Company's employees and contractors must be made aware of the disclosure policy. Employees or contractors must disclose any information which comes to their attention and is believed to potentially be material to the Company Secretary or Executive Director.

Employees and contractors must be made aware of the "no comment policy" to external parties on any matters which may be material to the Company.

### **Trading Halts**

The Company may request a trading halt to maintain orderly trading in the Company's shares or securities. The Company Secretary will manage the process in consultation with the Chairman, Executive Director and Directors as required.

### **Contact with the Market**

Key executives interact regularly with the market on the Company's activities in a number of ways, including briefings, market announcements, and regular updates on industry issues, one-on-one briefing, meetings and educational sessions.

In addition, the Company occasionally provides background and technical information to institutional investors and stockbroking analysts to support announcements made to the ASX about the Company's on-going business activities.

At all times when interacting with external individuals, investors, stockbroking analysts and market participants, the representatives of Ventnor Resources Limited should adhere to the guiding principle set out in this policy.

### **Open Briefings to Institutional Investors and Stockbroking Analysts**

The Company may hold open briefings (i.e. where all members of a relevant group are invited) with shareholders, investors and/or stockbroking analysts to discuss information that has been released to the market.

Representatives of Ventnor Resources Limited are under the obligation of this policy and should not disclose any material price or value sensitive information that has not been announced to the market generally.

With regards to open briefings, the Company will place any written briefing and presentation materials onto their website at the conclusion of the briefing; and for the purposes of this policy, public speeches and presentations by the Company's Chairman or Executive Director will be classed as open briefings'.

#### **One-on-one Briefings with Stockbrokers, Analysts and Institutional Investors and Shareholders**

It is in the interests of the Company's shareholders that stockbroking analysts have a thorough understanding of the Company business operations and activities. In addition other professional investors seek to better understand certain aspects of the company's strategy.

From time to time, the Company participates in one-on-one briefings with various investment professionals. At these briefings the Company may provide background and technical information to assist these people in their understanding of the Company's business activities. The Company's policy is that no previously undisclosed material price or value sensitive information will be disclosed at these briefings.

For the purposes of this policy a one-on-one briefing includes any communication between the Company and a stockbroking analyst including, for example, phone calls or e-mails made to the Company's Executive Director. Any written materials to be used at open or one-on-one briefings with institutional investors or stockbroking analysts will be reviewed by the Executive Director to ensure all information has previously been disclosed to the market. Where this is not the case, the information will be disclosed in the manner outlined above.

**Review of Analyst Reports**

The Company recognises the important role performed by analysts in assisting the establishment of an efficient market with respect to the Company's securities. However, the Company is not responsible for, and does not endorse, analyst reports that contain commentary on the Company. The Company will keep a record of issues discussed at group or one to one briefings with investors and analysts including a list of who was present and the time and place of the meeting.

The Company will not provide non-disclosed material price or value sensitive information in response to such reports. The information may be reviewed only to correct factual inaccuracies. Any correction of factual inaccuracies by the Company does not imply endorsement of the content of these reports.

The Company will only comment on results of exploration and sampling programs and financial outcomes and other forecasts that may be contained in this type of information in line with previously publicly released comment.

**Managing Market Speculation and Rumours**

Market speculation and rumours, whether substantiated or not, have a potential to impact the Company's share price. Speculation may also contain factual errors that could materially affect the company.

The Company's general policy on responding to market speculation and rumours is that "the Company does not respond to market speculation or rumours". However the Company may issue a statement in relation to market speculation or rumour where and when it considers in necessary.

Speculation may result in the ASX formally requesting disclosure by the Company on the matter, in which case the Company will respond to the request.

## 8. SHAREHOLDER COMMUNICATIONS POLICY

The Board of Directors aims to ensure that Shareholders are informed of all major developments.

Information is communicated to Shareholders as follows:

### Reports to Shareholders

The Annual Report is distributed to all Shareholders (unless a Shareholder has specifically requested not to receive the Report). The Board ensures that the Annual Report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act 2001.

The Half-yearly Report contains summarised financial information and a review of the operations of the Company during the period. Half-yearly reviewed Financial Statements prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the Australian Securities & Investments Commission and the Australian Securities Exchange. The Financial Statements are sent to any Shareholder who requests them.

### ASX Announcements

Regular reports are released through the Australian Securities Exchange and the media.

### Annual General Meetings

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. The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting.

The external auditor of the Company will be asked to attend each Annual General Meeting of the Company and be available to answer shareholder questions about the conduct of the audit and the preparation of the auditor's report.

### Website

The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company.

In particular, where appropriate, after confirmation of receipt by the ASX, the following will be posted to the Company website:

- Relevant announcements made to the market via the ASX;
- Media releases;
- Investment updates;
- Company presentations and media briefings;
- Copies of press releases and announcements for the preceding three years; and
- Copies of annual and half yearly reports including financial statements for the preceding three years.

### Other Information

While the Company aims to provide sufficient information to shareholders about the Company and its activities, it understands that shareholders may have specific questions and require additional information. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as

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shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

The Company intends to keep a summary records for internal use of the issues discussed at group or one-on-one briefings with investors and analysts, including a record of those present (names or numbers where appropriate) and the time and place of the meeting.

### **Review of Shareholder Communications**

This Policy will be formally reviewed by the Board each year.

## 9. RISK MANAGEMENT POLICY

### Identification of Risk

The Board is responsible for the oversight of the Company's risk management and control framework.

Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Executive Director having ultimate responsibility to the Board for the risk management and control framework.

### Primary Objectives

The primary objectives of the risk management system at the Company are to ensure:

- All major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- Business decisions throughout the Company appropriately balance the risk and reward trade off;
- Regulatory compliance and integrity in reporting is achieved; and
- Senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives the risk management system covers:

- Operational risk;
- Financial reporting;
- Compliance / regulations; and
- System/IT process risk.

Arrangements put in place by the Board to monitor risk management include:

- Monthly reporting to the Board in respect of operations and the financial position of the Company;
- Quarterly rolling forecasts prepared;
- Circulate minutes of relevant Committees to the Board and the Chairman of each respective committee and provide a report to the Board on an annual basis.

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

### Material Business Risks & Reporting

Given the speculative nature of the Company's business it is subject to general risks and certain specific risks. Some of these risks include but are not limited to the following:

- Liquidity risk.
- Commodity and currency price volatility.
- Economic and political uncertainties.
- Operating risks.
- Loss of key personnel.
- Title risks and native title.
- Environmental risks.
- Reliance on strategic partners.
- Exploration success.
- Capital requirements.

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The analysis and evaluation criteria are used to continually assess the impact of risks upon the Company's business objectives. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. The annual business planning process includes careful consideration of internal and external risk profile of the company.

The Executive Director and Chief Financial Officer (or equivalent) will report monthly to the board on the areas they are responsible for, including material business risks and provide an annual written report to the Board summarising the effectiveness of the companies' management of material business risks.

The Company's business risk management process provides a comprehensive, integrated approach for carrying out risk management activities. This process will allow management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value.

### **Integrity of Financial Reporting**

The Company's Chief Executive Officer and Chief Financial Officer (or equivalent) are required to report in writing to the Board (as required by section 295A of the Corporations Act) that:

- The financial statements of the Company and its controlled entities (where appropriate) for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Note: Under the provisions of the Corporations Act a person performs a chief executive function in relation to the Company if the person is the person who is primarily and directly responsible to the directors for the general and overall management of the Company.

In addition, in the event that there is not a Chief Financial Officer in place, the Corporations Act provides that a person performs a chief financial officer function in relation to the Company if that person is the person who is primarily responsible for financial matters in relation to the Company and directly responsible for those matters to either the directors or the person or persons who perform the chief executive function in relation to the Company.

The persons fulfilling these respective roles will be identified by the Board with the appropriate declarations made as required.

**10. SHARE TRADING POLICY**

The Company's securities 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 Key Management Personnel (KMP), being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including any director (whether executive or otherwise). The Company considers its KMP to include:

- (a) all directors;
- (b) all executives reporting directly to the Chief Operating Officer (CEO) ; and
- (c) any other employees of the Company considered to be KMP by the CEO and Company Secretary from time to time.

**General Restrictions when in possession of inside information**

***Insider trading laws***

Insider trading laws cover all directors and employees 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. It may also result in civil liability.

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.

Employees and directors must not sell or purchase securities while there exists any matter which constitutes unpublished price-sensitive information in relation to the Company's securities.

***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



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- (j) significant discoveries, exploration results, or changes in reserve/resource estimates from mining tenements in which the Company has an interest.

### ***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.

### ***Limiting Risk***

Employees, directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chairman.

### **Additional trading restrictions for KMP**

In accordance with ASX Listing Rules, additional restrictions on trading in the Company's securities apply to the Company's KMP.

KMP generally hold positions where it can be assumed that they will have inside information regarding the Company. Accordingly, additional requirements apply for any proposed trading in securities by Key Management Personnel.

### ***Prohibited Periods***

KMP must not trade in the Company's securities, or in financial products issued or created over or in respect of the Company's securities, during a **Prohibited Period**.

A Prohibited Period means any **Closed Period** (see definition below) or additional period when KMP are prohibited from trading, which are imposed by the Company from time to time when the Company is considering matters which are subject to Listing Rule 3.1A.

Closed Period means:

- the period of 30 business days prior to, and 1 business day after, the publication of the Company's annual results (or, if shorter, the period from its financial year end to the time of publication);
- the period of 30 business days prior to, and 1 business day after, the publication of the Company's half year results (or, if shorter, the period from its half year end to the time of publication); and
- the period of 30 business days prior to, and 1 business day after, the release of the Company's quarterly reports (or, if shorter, the period from the relevant financial period end up to and including the time of the announcement).

The Company may at its discretion vary this rule in relation to a particular Prohibited Period by general announcement to all KMP either before or during the Prohibited Period. However, if a KMP of the Company 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.

### ***Exceptional Circumstances***

In exceptional circumstances (and where a restricted person is not in possession of inside information in relation to the Company), the Chairman (or CEO where applicable) may provide written clearance to KMP to trade in a Prohibited Period if:

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- the sale of the Company's securities is necessary to alleviate severe financial hardship;
- the KMP has entered into a binding commitment prior to the Company being in a Prohibited Period where it was not reasonably foreseeable at the time the commitment was made that a Prohibited Period was likely;
- the KMP is required by a court order, or there are court enforceable undertakings to transfer or sell the securities of the Company or there is some other overriding legal or regulatory requirement for him or her to do so;
- there are other circumstances which have not been identified in this Securities Trading Policy, that are deemed exceptional by the Chairman, or the CEO where the Chairman is involved, and the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

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

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

- (a) notify the Chairman in writing of his intention to trade;
- (b) confirm that he does not hold any inside information;
- (c) if he is seeking clearance to trade in exceptional circumstances, provide full disclosure of such circumstances;
- (d) have been notified in writing by the Chairman (such response to be provided as soon as practicable upon receipt of notification but in any event no more than 48 hours after receipt of notification) that there is no reason to preclude him from trading in the Company's securities as notified; and
- (e) comply with any conditions on trading imposed by the Chairman (including, for example, any time limits applicable to the clearance).

Where the Chairman intends to trade in the Company's securities, he must notify and obtain clearance in the abovementioned manner from at least one other Director before trading, or giving instructions for trading.

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

Written notification under this Securities Trading Policy via email is acceptable and any clearance given will be valid for 5 working days.

### ***Trading not subject to the Trading Policy***

The following is excluded from the operation of this Trading Policy:

- transfers of securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- an investment in, or trading 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;
- where a restricted person is a trustee, trading in the securities of the Company by that trust provided that the restricted person is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the restricted person;

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- undertakings to accept, or the acceptance of, a takeover offer;
- trading 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 rate issue;
- disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period;
- trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this trading policy and where:
  - the restricted person did not enter the plan or amend the plan during a Closed Period;
  - the trading plan does not permit the restricted person to exercise any influence or discretion over how, when or whether to trade; and
  - the trading plan cannot be cancelled during a Closed Period except in exceptional circumstances.

### ***No short-term trading in the Company's securities***

Directors or KMP 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.

### **Securities in other companies**

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

### ***Director Notification of trading and other disclosures***

Directors must notify the Company Secretary of any dealings in the Company's securities immediately any such dealings occur. The Directors appoint the Company Secretary as their agent for the purposes of compliance with the disclosure requirement on Directors share trading contained in ASX Listing Rule 3.19. Directors shall be responsible for providing information to the Company Secretary in order for him/her to ensure compliance with Listing Rule 3.19.

If the Director engaged in trading during a Closed Period, the Director must confirm to the Company Secretary that written clearance to trade was provided by the Chairman and the date on which this was provided.

All directors must notify the Company Secretary of any margin loan or similar funding arrangement entered into in relation to the Company's securities and any variations to such arrangements, including the number of securities involved, the circumstances in which the lender can make margin calls, and the right of the lender to dispose of securities.

**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.