

Kairiki Energy Limited

ABN 34 002 527 906

Corporate Governance Statement

Table of Contents

Corporate Governance Statement	1
1 Principle 1 – Lay solid foundations for management and oversight	1
Responsibilities of the Board	1
Chairperson	1
Managing Director/Chief Executive Officer	1
Company Secretary	1
Performance Evaluation	2
Reporting	2
2 Principle 2 - Structure the Board to add value	3
Composition of the Board	3
Independent Directors	3
Chairperson	4
Independent decision- making	4
Independent advice	4
Procedure for selection of new directors	4
Induction and education	4
Access to information	4
Reporting	5
3 Principle 3: Promote ethical and responsible decision-making	6
Code of conduct	6
Policy for trading in Company securities	6
Reporting	6
4 Principle 4: Safeguard integrity in financial reporting	7
Audit and Risk Management Committee	7
Reporting.....	7
5 Principle 5: Make timely and balanced disclosure	8
Disclosure Policy	8
Reporting	8
6 Principle 6: Respect the rights of shareholders	9
Communication with Shareholders	9
General Meetings	9
Reporting	9
7 Principle 7: Recognise and manage risk	10
Audit and Risk Management.....	10
Review by the Board.....	10
Chief Executive Officer	10
Verification of financial reports	10
Reporting	10
8 Principle 8: Remunerate fairly and responsibly.....	11
Director and senior executive remuneration policies	11
Remuneration Committee	11
Reporting	11

Appendix A – Code of Conduct	12
Introduction	12
Responsibilities to shareholders	12
Responsibilities to clients, employees, suppliers, creditors, customers and consumers	12
Employment practices	12
Responsibility to the community	12
Responsibility to the individual.....	12
Obligations relative to fair trading and dealing	12
Business courtesies, bribes, facilitation payments, inducements and commissions	12
Conflicts of interest	13
Compliance with the Code of Conduct	13
Periodic review of Code.....	13
 Appendix B – Policy for trading in Company securities	 14
Introduction	14
Communication.....	14
Trading Restrictions	14
Hardship	14
Directors’ trading and disclosures	14
 Appendix C – Audit and Risk Management Charter	 15
Introduction.....	15
Benefits of Risk Management and Internal Control Procedures.....	15
Internal Control Policy.....	15
Audit Policy.....	15
Review and Reporting Process.....	15
External Auditors.....	16
 Appendix D - Disclosure Policy.....	 17
Disclosure Requirements	17
Responsibilities of directors officers and employees	17
Authorised Disclosure Officer	17
Responsibilities of Authorised Disclosure Officer	17
Measures to avoid a false market	18
ASX Announcements	18
Confidentiality and unauthorised disclosure	18
External communications and Media Relations	19
Breach of Disclosure Policy	19

Corporate Governance Statement

In August 2007 the ASX Corporate Governance Council released a document entitled 'Corporate Governance Principles and Recommendations (2nd Edition)'. Kairiki Energy Limited ABN 34 002 527 906 (**Company**) has sought to ensure adoption of those principles and recommendations where appropriate and possible.

1 Principle 1 – Lay solid foundations for management and oversight

Responsibilities of the Board

- 1.1 The Board is responsible for the following matters:
 - 1.1.1 ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
 - 1.1.2 development of corporate strategy, implementation of business plans and performance objectives;
 - 1.1.3 reviewing, ratifying and monitoring systems of risk management, codes of conduct and legal and regulatory compliance;
 - 1.1.4 the appointment of the Company's Managing Director, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior executives;
 - 1.1.5 monitoring senior executives' performance and implementation of strategy;
 - 1.1.6 determining appropriate remuneration policies;
 - 1.1.7 allocating resources and ensuring appropriate resources are available to management;
 - 1.1.8 approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
 - 1.1.9 approving and monitoring financial and other reporting.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

Chairperson

- 1.2 The Chairperson is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's business. The Chairperson should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the Board and management of the Company. The Chairperson is responsible for briefing directors on issues arising at Board meetings and ultimately is responsible for communications with shareholders and arranging Board performance evaluation.

Managing Director/Chief Executive Officer

- 1.3 The Managing Director or Chief Executive Officer is responsible implementing the Company's strategies and policies under delegated authority from the Board and the day-to-day management of the Company's business activities. In carrying out his or her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

Company Secretary

- 1.4 The Company Secretary is responsible for monitoring the extent that Board policy and procedures are followed, and coordinating the timely completion and despatch of Board agendas and briefing material. All directors are to have access to the Company Secretary.

Performance Evaluation

- 1.5 The Chairperson and/or the Managing Director (where appropriate) are responsible for reviewing the performance of each executive at least once every calendar year with reference to the terms of their employment contract.

The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The Board member assessment measures are the responsibility of the Chairman. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of the Company. Primarily, the review will be carried out through consultation by the Chairman and with individual Directors. Directors whose performance is consistently unsatisfactory may be asked to retire.

Reporting

- 1.6 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 1.

2 Principle 2 - Structure the Board to add value

Composition of the Board

- 2.1 The Company will ensure that the Board will be of a size and composition that is conducive to making appropriate decisions and be large enough to incorporate a variety of perspectives and skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups. It will not, however, be so large that effective decision-making is hindered.

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

Independent Directors

- 2.2 The Company will regularly review whether each non-executive director is independent and each non-executive director should provide to the Board all information that may be relevant to this assessment. If a director's independence status changes this should be disclosed and explained to the market in a timely fashion.

- 2.3 Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a 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 an executive capacity by the Company or another Company 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 advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

- 2.4 The Company will endeavour to ensure that it has a majority of independent directors at all times, subject to the right of shareholders in general meeting to elect and remove directors.

Chairperson

- 2.5 The Chairperson should be a non-executive director who is preferably independent. In the event that the Company has an executive Chairperson, the deputy Chairperson should be an independent director. The Chairperson should not be the Chief Executive Officer of the Company. The Chairperson's other positions should not be such that they are likely to hinder the effective performance of their role of Chairperson of the Company.

Independent decision-making

- 2.6 All directors – whether independent or not - should bring an independent judgement to bear on Board decisions. Non-executive directors are encouraged to confer regularly without management present. Their discussions are to be facilitated by the Chairperson, if he or she is independent or the deputy Chairperson. Non-executive directors should inform the Chairperson before accepting any new appointments as directors.

Independent advice

- 2.7 To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairperson, individual directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities.

Procedure for selection of new directors

- 2.8 The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when the Board has an appropriate mix of skills and experience.
- 2.9 In support of their candidature for directorship or re-election, non-executive directors should provide the Board with details of other commitments and an indication of time available for the Company. Prior to appointment or being submitted for re-election non-executive directors should specifically acknowledge to the Company that they will have sufficient time to meet what is expected of them. Re-appointment of directors is not automatic.

Induction and education

- 2.10 The Board will implement an induction program to enable new directors to gain an understanding of:
- 2.10.1 the Company's financial, strategic, operational and risk management position;
 - 2.10.2 the rights, duties and responsibilities of the directors;
 - 2.10.3 the roles and responsibilities of senior executives; and
 - 2.10.4 the role of any Board committees in operation.
- 2.11 Directors will have reasonable access to continuing education to update and enhance their skills and knowledge, including education concerning key developments in the Company and in the mining and resources industry.

Access to information

- 2.12 The Board has the right to obtain all information from within the Company which it needs to effectively discharge its responsibilities.
- 2.13 Senior executives are required on request from the Board to supply the Board with information in a form and timeframe, and of a quality that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

Reporting

- 2.14 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 2.

3 Principle 3: Promote ethical and responsible decision-making

Code of conduct

- 3.1 The Board has adopted the Code of Conduct set out at Appendix A to promote ethical and responsible decision making by directors, management and employees. The Code embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity.
- 3.2 The Board is responsible for ensuring that training on the Code of Conduct is provided to staff and officers of the Company.
- 3.3 The Board is responsible for making advisers, consultants and contractors aware of the Company's expectations set out in the Code of Conduct.

Policy for trading in Company securities

- 3.4 The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees set out in Appendix B.
- 3.5 The Board is responsible for ensuring that the policy is brought to the attention of all affected persons and for monitoring compliance with the policy.

Reporting

- 3.6 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 3.

4 Principle 4: Safeguard integrity in financial reporting

Audit and Risk Management Committee

- 4.1 The Board has assumed the role of the Audit and Risk Management Committee pursuant to the Audit and Risk Management Charter set out at Appendix C.
- 4.2 The Audit and Risk Management commitment is to review the integrity of the Company's financial reporting, oversee the independence and competence of the external auditors and review management's implementation of the Company's risk management policies.

Reporting

- 4.3 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 4.

5 Principle 5: Make timely and balanced disclosure

Disclosure Policy

- 5.1 The Board has adopted a Disclosure Policy for ensuring timely and accurate disclosure of price-sensitive information to shareholders through the ASX set out in Appendix D.
- 5.2 The Disclosure Policy ensures that:
- 5.2.1 all investors have equal and timely access to material information concerning the Company including its financial position, performance, ownership and governance; and
 - 5.2.2 Company announcements are subjected to a vetting and authorisation process designed to ensure they:
 - (a) are released in a timely manner;
 - (b) are factual;
 - (c) do not omit material information; and
 - (d) are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Reporting

- 5.3 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 5.

6 Principle 6: Respect the rights of shareholders

Communications with Shareholders

- 6.1 The Board is committed to open and accessible communication with holders of the Company's shares and other securities. Disclosure of information and other communication will be made as appropriate by mail or email.
- 6.2 The Company's website will also be used to provide additional relevant information to security holders. The Board considers the following to be appropriate features for the Company's website:
- 6.2.1 placing the full text of notices of meeting and explanatory material on the website;
 - 6.2.2 providing information about the last three years' press releases or announcements plus at least three years of financial data on the website; and
 - 6.2.3 providing information updates to security holders on request by email.

General Meetings

- 6.3 The Company is committed to improving shareholder participation in general meetings. In order to achieve that objective, the Company has adopted guidelines of the ASX Corporate Governance Council for improving shareholder participation through the design and content of notices and through the conduct of the meeting itself.

Reporting

- 6.4 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 6.

7 Principle 7: Recognise and manage risk

Audit and Risk Management Committee

- 7.1 As referenced with respect to Principle 4, the Board assumes responsibility and the role of a Audit and Risk Management Committee pursuant to the Audit and Risk Management Charter set out at Appendix C.
- 7.2 The Board's commitment is to review the integrity of the Company's financial reporting, oversee the independence and competence of the external auditors and review management's implementation of the Company's risk management policies.

Review by the Board

- 7.3 The Board will review the effectiveness of implementation of the risk management system at least annually.
- 7.4 When reviewing risk management policies the Board should take into account the Company's legal obligations and should also consider the reasonable expectations of the Company's stakeholders, including security holders, employees, customers, suppliers, creditors, consumers and the community.

Chief Executive Officer

- 7.5 The Chief Executive Officer (or equivalent) is required annually to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.

Verification of financial reports

- 7.6 The Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) are required by the Company to state the following in writing prior to the Board making a solvency declaration pursuant to section 295(4) of the Corporations Act:
- 7.6.1 that the Company's financial reports contain a true and fair view, in all material respects, of the financial condition and operating performance of the Company and comply with relevant accounting standards; and
- 7.6.2 that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.

Reporting

- 7.7 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 7.

8 Principle 8: Remunerate fairly and responsibly

Director and senior executive remuneration policies

- 8.1 The Company's remuneration policy is structured for the purpose of:
- 8.1.1 motivating senior executives to pursue the long-term growth and success of the Company; and
 - 8.1.2 demonstrating a clear relationship between senior executives' performance and remuneration.
- 8.2 The Board's responsibility is to set the level and structure of remuneration for officers (including but not limited to directors and secretaries) and executives, for the purpose of balancing the Company's competing interests of:
- 8.2.1 attracting and retaining senior executives and directors; and
 - 8.2.2 not paying excessive remuneration.
- 8.3 Executive directors' remuneration should be structured to reflect short and long-term performance objectives appropriate to the Company's circumstances and goals.
- 8.4 Executive directors' and senior executives' remuneration packages should involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.
- 8.5 Non-executive directors' remuneration should be formulated with regard to the following guidelines:
- 8.5.1 non-executive directors should normally be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity, usually without participating in schemes designed for the remuneration of executives;
 - 8.5.2 non-executive directors should not be provided with retirement benefits other than superannuation.
- 8.6 The Board policy is to remunerate Directors at market rates for time, commitment and responsibilities.
- 8.7 No director may be involved in setting their own remuneration or terms and conditions and in such a case relevant directors are required to be absent from the full Board discussion.

Remuneration Committee

- 8.8 The Company believes it is not of a size to justify having a Remuneration Committee and that it has Board processes in place which raise the issues which would otherwise be considered by a committee.

Reporting

- 8.9 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 8.

Appendix A – Code of Conduct

Introduction

- 1 This Code of Conduct sets out the standards which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, the Company's shareholders and the broader community.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

Responsibilities to shareholders

- 2 The Company aims:

- 2.1 to increase shareholder value within an appropriate framework which safeguards the rights and interests of shareholders; and
- 2.2 to comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

Responsibilities to clients, employees, suppliers, creditors, customers and consumers

- 3 The Company will comply with all legislative and common law requirements which affect its business.

Employment practices

- 4 The Company will employ the best available staff with skills required to carry out the role for which they are employed. The Company will ensure a safe workplace and maintain proper occupational health and safety practices.

Responsibility to the community

- 5 The Company will recognise, consider and respect environmental, native title and cultural heritage issues which arise in relation to the Company's activities and comply with all applicable legal requirements.

Responsibility to the individual

- 6 The Company recognises and respects the rights of individuals and will comply with the applicable laws regarding privacy and confidential information.

Obligations relative to fair trading and dealing

- 7 The Company will deal with others in a way that is fair and will not engage in deceptive practices.

Business courtesies, bribes, facilitation payments, inducements and commissions

- 8 Corrupt practices are unacceptable to the Company. It is prohibited for the Company or its directors, managers or employees to directly or indirectly offer, pay, solicit or accept bribes or any other corrupt arrangements.

Conflicts of interest

- 9 The Board, management and employees must report any situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. Where a real or apparent conflict of interest arises, the matter must be brought to the attention of the Chairperson in the case of a Board member, the Managing Director or Chief Executive Officer (or equivalent) in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner.

Compliance with the Code of Conduct

- 10 Any breach of compliance with this Code of Conduct is to be reported directly to the Chairperson.

Periodic review of Code

- 11 The Company will monitor compliance with this Code of Conduct periodically by liaising with the Board, management and staff. Suggestions for improvements or amendments to this Code of Conduct can be made at any time to the Chairperson.

Appendix B – Policy for trading in Company securities

SECURITIES 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**, 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 Key Management Personnel to include:

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

GENERAL RESTRICTIONS WHEN IN POSSESSION OF INSIDE INFORMATION

Insider trading laws

Insider trading laws cover all directors 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 or 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.

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 KEY MANAGEMENT PERSONNEL

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

Key Management Personnel 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

Key Management Personnel 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 Key Management Personnel 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 5 business days prior, to 2 business days 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 5 business days prior, to 2 business days 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 5 business days prior, to 2 business days 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 Directors or Key Management Personnel either before or during the Prohibited Period. However, if a Director or Key Management Personnel 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 the Managing Director/CEO where applicable) may provide written clearance to Key Management Personnel to trade in a Prohibited Period if:

- the sale of the Company's securities is necessary to alleviate severe financial hardship;
- the Key Management Personnel 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 Key Management Personnel 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 Managing Director/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 Key Management Personnel, 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.

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;
- 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 Key Management 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.

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 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 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**.

Appendix C – Audit and Risk Management Charter

1 Introduction

The Board is committed to managing its risks in order to both minimise uncertainty and to maximise its business opportunities. Procedures have been established at the Board and executive management levels which are designed to safeguard the assets and interests of the company, and to ensure the integrity of reporting.

2 Benefits of Risk Management and Internal Control Procedures

The benefits identified in establishing and maintaining risk management procedures are as follows:

- More effective strategic planning
- Better cost control
- Enhancing shareholder value by minimising losses and maximising opportunities
- Increased knowledge and understanding of exposure to risk
- A systematic, well informed and thorough method of decision making
- Minimising disruptions
- Better utilisation of resources

3 Internal Control Policy

The board is ultimately responsible for the internal control framework and risk management of the company and for regularly reviewing its effectiveness.

The principle aim of the system of internal control is the management of the business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the company's specific needs and the risks to which it is exposed.

Annually the board is responsible for identifying the risks facing the company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The board will review and discuss strategic risks and opportunities arising from changes in the company's environment regularly and on an as needs basis. The board may delegate some of the above responsibilities to committees of the board but still maintain overall responsibility for the process.

4 Audit Policy

The board is responsible for ensuring that an effective internal control framework exists within the company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This also includes the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non financial considerations.

5 Review and Reporting Process

During the year the board is responsible for reviewing the effectiveness of the company's system of internal control for the financial year.

For any control that is not operating effectively the board is responsible for ensuring that the control issue is corrected and that the risk has a mitigating control which will reduce any risk to an acceptable level.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

6 External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

Appendix D - Disclosure Policy

Disclosure Requirements

- 1 The Company recognises its duties pursuant to the continuous disclosure rules of the ASX Listing Rules and Corporations Act to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities.
- 2 Subject to certain exceptions (in ASX Listing Rule 3.1A), the Company is required to immediately release to the market information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Responsibilities of directors officers and employees

- 3 The Board as a whole is primary responsibility for ensuring that the Company complies with its disclosure obligations and for deciding what information will be disclosed. Subject to delegation, the Board is also responsible for authorising all ASX announcements and responses of the Company to ASX queries.
- 4 Every director, officer and employee of the Company is to be informed of the requirements of this policy and must advise the Managing Director, Chief Executive Officer (or equivalent), Chairperson or Company Secretary as soon as possible (and prior to disclosure to anyone else) of matters which they believe may be required to be disclosed.

Authorised Disclosure Officer

- 5 The Board has delegated its primary responsibilities to communicate with ASX to the following Authorised Officer:
 - 5.1 the Company Secretary; or
 - 5.2 in the absence of the Company Secretary, the Managing Director, Chief Executive Officer or a designated Executive Director who is authorised to act in that capacity by the Board.

Responsibilities of Authorised Disclosure Officer

- 6 Subject to Board intervention on a particular matter, the Authorised Officer is responsible for the following:
 - 6.1 monitoring information required to be disclosed to ASX and coordinating the Company's compliance with its disclosure obligations;
 - 6.2 ASX communication on behalf of the Company, authorising Company announcements and lodging documents with ASX;
 - 6.3 requesting a trading halt in order to prevent or correct a false market;
 - 6.4 providing education on these disclosure policies to the Company's directors, officers and employees; and
 - 6.5 ensuring there are vetting and authorisation processes designed to ensure that Company announcements:
 - 6.5.1 are made in a timely manner;
 - 6.5.2 are factual;
 - 6.5.3 do not omit material information;

- 6.5.4 are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions;
 - 6.5.5 are in compliance with ASX Listing Rules continuous disclosure requirements; and
 - 6.6.6 are placed on the Company's website promptly following release.
- 7 An authorised Disclosure Officer must be available to communicate with the ASX at all reasonable times, and are responsible for providing contact details and other information to ASX to ensure such availability.

Measures to avoid a false market

- 8 In the event that ASX requests information from the Company in order to correct or prevent a false market in the Company's securities, the Company will comply with that request. The extent of information to be provided by the Company will depend on the circumstances of the ASX request.
- 9 If the Company is unable to give sufficient information to the ASX to correct or prevent a false market, the Company will request a trading halt.
- 10 If the full Board is available to consider the decision of whether to call a trading halt, only they may authorise it, but otherwise, the Authorised Disclosure Officer may do so.

ASX Announcements

- 11 Company announcements of price sensitive information are subjected to the following vetting and authorisation process to ensure their clarity, timely release, factual accuracy and inclusion of all material information:
- 11.1 The Authorised Officer must prepare ASX announcements when required to fulfil the Company's disclosure obligations.
 - 11.2 Proposed announcements must be approved by the Chairperson or in his or her absence, urgent announcements may be approved by the Managing Director or Chief Executive Officer (or equivalent) or other person expressly authorised by the Board.
 - 11.3 Announcements must first be released to the ASX Announcements Platform before being disclosed to any other private or public party (such as the media). After release of the announcement, it must be displayed on the Company's website, following which the Company can then release such information to media and other information outlets.
 - 11.4 Wherever practical, all announcements must be provided to the directors, Chief Executive Officer (or equivalent) and Company Secretary prior to release to the market for approval and comment.

Confidentiality and unauthorised disclosure

- 12 The Company must safeguard the confidentiality of information which a reasonable person would expect to have a material effect on the price or value of the Company's securities. If such information is inadvertently disclosed, the Authorised Disclosure Officer must be informed of the same and must refer it to the Chairperson and Managing Director or Chief Executive Officer (or equivalent) as soon as possible.

External communications and Media Relations

- 13 The Chairperson and Managing Director or Chief Executive Officer (or equivalent) are authorised to communicate on behalf of the Company with the media, government and regulatory authorities, stock brokers, analysts and other interested parties or the public at large. No other person may do so unless specifically authorised by the Chairperson, Managing Director or Chief Executive Officer (or equivalent).
- 14 All requests for information from the Company must be referred to the Authorised Disclosure Officer for provision to the Chairperson and Managing Director or Chief Executive Officer (or equivalent).

Breach of Disclosure Policy

- 15 Serious breaches of this disclosure policy may be treated with disciplinary action, including dismissal, at the discretion of the Board.
- 16 Where the breach is alleged against a member of the Board, that director will be excluded from the Board's consideration of the breach and any disciplinary action for the Company to take.