Corporate Governance Charter

Strata-X Energy Limited (**Company**)

The Directors of Strata-X Energy Limited resolved to approve this Corporate Governance Charter on 27 August 2015 (with practical effect from the commencement of FY2015).

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Definitions

Annual Report	the annual report of the Company.
ASIC	the Australian Securities and Investments Commission.
ASX	the ASX Limited ABN 98 008 624 691.
ASX Listing Rules or **Listing Rules**	the Official Listing Rules of the ASX as amended or replaced from time to time.
Audit and Risk Management Committee	that Committee charged with determining, implementing and assessing controls for financial management, financial reporting and risk management generally for the Company.
Board	board of Directors of the Company.
Chairperson	the chairperson of the Board.
Charter	the charter adopted from time to time with respect to each Committee, as applicable to that Committee.
Chief Executive Officer	the person (if any) engaged by the Company in the role of the chief executive officer of the Company.
Committee	a committee created by the Board under this Corporate Governance Charter including without limitation, the Audit and Risk Management Committee, the Remuneration Committee, the Corporate Governance Committee and the Nominations Committee (as applicable to the relevant section of this Corporate Governance Charter and as established from time to time).
Company	Strata-X Energy Limited [Reg no C0952496].
Company Secretary	a person appointed by the Company to be the company secretary.
Constitution	the articles of the Company.
Corporate Ethics Policy	the policy set out in Section G setting out directors' duties given their position with the Company, obligations with respect to trading in securities and general disclosure obligations.
Corporate Governance Charter	the policies, procedures and Charters set out in this document.
Corporate Governance Committee	the Committee charged with reviewing compliance by the Board with, amongst other matters, the provisions of this document.
Corporate Governance Principles and Recommendations	*the Corporate Governance Principles and Recommendations Third Edition* issued by the ASX Corporate Governance Council in 2014 as amended or replaced from time to time.
Corporate Governance Statement	The statement referred to in Listing Rule 4.10.3 which discloses the extent to which the Company has followed the *Corporate Governance Principles and Recommendations.*
Corporations Act	the *Corporations Act 2001* (Cth) as amended or replaced from time to time.
CPC	a capital pool corporation listed on the TSXV under Policy 2.4 of the Exchange Rules.
Director	a director of the Company.
Diversity	includes, but is not limited to matters of gender, age, disability, ethnicity, marital or family status, sexual orientation, gender identity and religious or cultural background.

Equivalent Law	any law in operation in any jurisdiction (outside of Australia) pursuant to which Securities of the Company are issued or traded which contains provisions equivalent or analogous to the Act in relation to corporate governance, including, as applicable, the Exchange Rules.
Exchange Rules	the rules of the TSXV.
Independent Director	a Director who has a sufficient level of independence to the Company, determined in accordance with Section A.1(c) of this document.
Listing Rules	means the listing rules published from time to time by the ASX.
Management	the executive Directors and senior management of the Company.
Managing Director	the Director (if any) engaged by the Company in the role of the managing director of the Company.
Nominations Committee	the Committee for assisting the Board in relation to, amongst other things, the appointment of members to the Board and of senior management and in assessing the performance of such individuals.
Non-Independent Director	a Director who is not an Independent Director.
Remuneration Committee	the Committee charged with, amongst other things, reviewing remuneration levels for Directors and senior management.
Securities	has the meaning given under section 92 of the Corporations Act.
Standing Rules	the general and procedural rules of each Committee set out in Section F of this Corporate Governance Policy.
Trading Policy	the policy set out in Section H developed from time to time by the Board setting out the procedure for trading in Securities of the Company by Directors, managerial staff, employees and any other persons who may be associated with the Company.
TSXV	the TSX Venture Exchange owned and operated by TMX Group.

Corporate Governance Charter

Section A – Principles of Corporate Governance

A.1 **Board of Directors**

(a) **General**

This document sets out the main principles adopted by the Board of Directors of the Company in order to implement and maintain a culture of good corporate governance both internally and in its dealings with outsiders.

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The matters set out in this document are subject to the *Corporations Act*, the *Business Corporations Act* (British Columbia), the Equivalent Laws, the Constitution, the ASX Listing Rules and the Exchange Rules.

The purpose of preparing and disclosing the matters set out in this document is to:

(1) formalise procedures to ensure the Company and the Board act in a transparent and appropriate manner in their respective internal and external dealings;

(2) ensure that appropriate checks, balances and procedures are in place to monitor the operations of the Company and those charged with its management; and

(3) provide shareholders with a transparent method to evaluate the performance of the Company from a corporate governance perspective.

In preparing and implementing these strategies, the Company and the Board are mindful of the *Corporate Governance Principles and Recommendations* issued by the ASX Corporate Governance Council and National Instrument 58-201 *Corporate Governance Guidelines*, as adopted by the Canadian Securities Administrators.

(b) **Functions, powers and responsibilities of the Board**

Generally, the powers and obligations of the Board are governed by the *Corporations Act,* the *Business Corporations Act* (British Columbia), the Constitution and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

(1) using all reasonable efforts to maintain compliance with the *Corporations Act, the Business Corporations Act* (British Columbia) and the Equivalent Laws, as well as the ASX Listing Rules and Exchange Rules (where appropriate) and all other relevant laws;

(2) providing leadership and developing, implementing and monitoring strategic operational and financial objectives for the Company and the overall performance of the Company;

(3) appointing appropriate staff, consultants and experts to assist in the Company's operations;

(4) ensuring appropriate financial and risk management controls are implemented;

(5) setting, monitoring and ensuring appropriate accountability and a framework for remuneration of Directors and executive officers;

(6) establishing and overseeing the Company's process for making timely and balanced disclosure of all material information in accordance with the ASX Listing Rules and the Exchange Rules;

(7) implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;

(8) implementing and overseeing the Company's risk management framework to enable risk to be identified, assessed and managed and to set the risk appetite the Board expects Management to operate within;

(9) appointing the Chairperson;

(10) appointing and removing the Chief Executive Officer and Company Secretary;

(11) approving the appointment and, where appropriate, removal of members of Management;

(12) contributing to and approving Management's development of corporate strategy and performance objectives;

(13) monitoring Management's implementation of strategy and performance generally, and ensuring appropriate resources are available to Management;

(14) monitoring the effectiveness of the Company's governance practices;

(15) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;

(16) approving the annual budget;

(17) liaising with the Company's external auditors;

(18) approving and monitoring financial and other reporting systems of the Company (including external audit) and the integrity of these systems; and

(19) appointing and overseeing Committees where appropriate to assist in the above functions and powers.

(c) **Structure of the Board**

The structure of the Board is determined in accordance with the following principles:

(1) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a majority of the Board being Independent Directors;

(2) to aim for, so far as is practicable given the size and the nature of the operations of the Company and the jurisdiction of its place of incorporation, the appointment of a Chairperson who is an Independent Director (notwithstanding that a Director appointed to this position will be deemed to be a non-Independent Director for the purposes of National Instrument 52-110 – *Audit Committees*);

(3) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a Chairperson who is not the chief executive officer;

(4) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a Board comprising members with diverse backgrounds; and

(5) to have a minimum of three Directors.

In assessing the independence of Directors, the Company, having regard to Principle 2 of the *Corporate Governance Principles and Recommendations* and also to National Instrument 52-110 – *Audit Committees,* considers an Independent Director to be a non-executive Director (that is, not a member of management) who:

(1) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

(2) within the last three years has not been employed in an executive capacity by the Company or another group member and has not (and his or her immediately family members have not) been appointed as an executive officer by the Company or another group member, or been a Director after ceasing to hold any such employment;

(3) within the last three years has not been a partner, director or senior employee of a provider of material professional services to the Company or another group member;

(4) within the last three years has not been in a material business relationship (by example, as a supplier or customer) with the Company or other group member, or an officer of, or otherwise associated with, someone in such a relationship;

(5) has no material contractual relationship with the Company or another group member other than as a Director;

(6) does not have close family ties with any person who falls within any of categories (1) – (5) described above;

(7) is not (and his or her immediate family members were not) a partner or employee of a firm that is the Company's internal or external auditor and has not been a partner or employee of such firm within the last three years that personally worked on the Company's file during such time;

(8) within the last three years has not (and his or her immediate family members have not) been an executive officer of an entity if any of the Company's current executive officers serve or served at the same time on such entity's compensation committee;

(9) has not (and his or her immediate family members, who were employed as executive officers of the Company, have not) received more than $75,000 in direct compensation (other than compensation received solely for acting on the Board or any Committee or in relation to fixed amounts under a retirement or other deferred compensation plan for prior service where such compensation was not contingent on continued service) from the Company during any 12 month period within the last three years;

(10) has not accepted, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or its subsidiaries, other than as remuneration for acting in his or her capacity as a member of the Board or any Committee, or as a part-time chair or vice-chair of the Board or any Committee;

(11) has no direct or indirect material relationship, being a relationship which could in the view of the Board, be reasonably expected to interfere with the exercise of the Director's independent judgment, with the Company; and

(12) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company or otherwise compromise his or her independence.

When considering whether a Director is an Independent Director, the materiality of such interest, position, association or relationship must be assessed to determine whether it might influence, or might reasonably be perceived to influence, in a material respect, the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

A Director must advise the Chairperson (or in the case of the Chairperson, another member of the Nominations Committee) if there is a change in his or her interests, positions, associations or relationships that could bear upon his or her independence at the earliest opportunity.

In an effort to ensure that the Board comprises members with a broad range of experience, expertise and skills relevant to the Company, the Board may establish a Nominations Committee or will otherwise consider the guidelines set out under the Nominations Committee Charter in Section E.

A.2 **The Chairperson**

The Chairperson is responsible for leadership of the Board, for efficient organisation and conduct of the Board's function and the briefing of all Directors in relation to issues arising at Board meetings. The Chairperson is also responsible for shareholder communication and arranging Board performance evaluation.

A.3 **Chief Executive Officer/Managing Director**

The Chief Executive Officer or Managing Director (if any) is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board, within the risk appetite determined by the Board. In carrying out his or her responsibilities, the Chief Executive Officer or Managing Director must report to the Board in a timely manner and ensure that all reports to the Board are clear and accurate and present a true and fair view of the Company's financial position and operating results.

The Chief Executive Officer or Managing Director (if any, together with the Chief Financial Officer, if there is one) will be required to state in writing to the Board that the financial records of the Company have been properly maintained and that the financial reports of the Company represent a true and fair view, in all material respects, of the Company's financial position and performance and accord with relevant accounting standards, and will execute (together with the Chief Financial Officer, if there is one) the certificates required in accordance with National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings*.

A.4 **Company Secretary**

The role of the Company Secretary is to support the effectiveness of the Board and the Committees. In carrying out his or her responsibilities, the Company Secretary is accountable directly to the Board in the performance of this role which includes without limitation:

(1) advising the Board and the Committees of governance matters;

(2) monitoring compliance with Board and Committee policy and procedures;

(3) coordinating the timely completion and despatch of Board and Committee papers;

(4) ensuring that the business at Board and Committee meetings is accurately recorded in the minutes; and

(5) helping to organise and facilitate the induction and professional development of Directors.

A.5 Induction of New Directors and Ongoing Director Education

On their first appointment, Directors will have the benefit of an induction program aimed at deepening their understanding of the Company, its activities and the business, environment and markets in which the Company operates.

As part of the induction process, where appropriate, new Directors may complete a self assessment of their capabilities and competencies to determine areas where further development will be beneficial in contributing to the Board's performance. Development in these areas will then be considered and discussed with the new Director by the Nomination Committee (if established) or the Chairperson.

Directors are also expected to keep themselves abreast of changes and trends in the business and in the Company's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally. Directors are expected to have an appropriate base level of understanding on accounting matters. Additional development and training in this area can be discussed with the Nomination Committee (if established) or the Chairperson by a Director. The Company will also provide briefings on developments in accounting standards.

A.6 Independent Advice

A Director may seek independent advice, including legal advice, where they believe it is necessary in order to properly discharge his or her duties as a Director. The Company will pay for the reasonable cost of this advice provided that the Director has obtained the prior written approval of the Chairperson (including for the cost of the advice).

In the event that the Chairperson wishes to seek independent advice and wishes for the Company to pay for the reasonable costs of that advice, the Chairperson must obtain the prior written approval (including for the cost of the advice) of the chairperson of the Corporate Governance Committee or other applicable committee.

Where a Director's request in respect of independent advice is approved as set out above, the Director and the Chairperson should agree who will provide instructions to the independent adviser. If the Chairperson has requested the advice, the Director who provided the approval to obtain the advice should undertake this role.

Where a Director's request in respect of independent advice is approved as set out above, a copy of the advice obtained will be provided to all Directors together with an explanation as to why the advice was obtained, unless the Chairperson determines that this is not appropriate or that a different approach should be taken.

The other Directors will be advised if the Chairperson approves or declines a request to obtain independent advice, unless, the Chairperson determines such notification is not appropriate or that a different approach should be taken.

A.7 Corporate Ethics

The Company has adopted under Section G a Corporate Ethics Policy which has been agreed to by each member of the Board, setting out, in addition to these principles, the obligations of integrity and honesty on each member of the Board and their obligations with respect to trading in Securities in the Company (which is more comprehensively dealt with in the Trading Policy) and disclosure to the ASX and TSXV.

In addition to the Corporate Ethics Policy, the Company also adheres to the following statement of principles and responsibilities with respect to both its internal dealings with employees and consultants, and external dealings with shareholders and the community at large.

A.8 Corporate Code of Conduct

(a) Introduction

This code of conduct sets out the standard which the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

(b) Commitment of the Board and Management to the corporate code of conduct

The Board and Management approve and endorse this code of conduct. The Board and Management are committed to not only complying with the Company's legal obligations but also to acting ethically and responsibly.

The Board and Management encourage all employees to consider the principles of the code of conduct and use them as a guide to determine how to respond when acting on behalf of the Company.

(c) Responsibilities to shareholders and the financial community generally

The Company aims:

(1) to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community;

(2) to comply with systems of control and accountability which the Company has in place as part of its corporate governance; and

(3) to act with honesty, integrity and fairness.

(d) Responsibilities to clients, customers and consumers

The Company will seek to comply with all legislative and common law requirements which affect its business. Any transgression from the applicable legal rules is to be reported to Management as soon as a person becomes aware of such a transgression.

(e) Employment practices

The Company will seek to employ the best available staff, both male and female, and from diverse backgrounds, with the skills required to carry out their roles.

The Company respects and values the competitive advantage of Diversity (which includes but is not limited to gender, age, ethnicity and cultural background), and the benefit of its integration throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's goals. However given the size and nature of the Company's operations, the Company has not implemented a formal policy with respect to Diversity.

The Company is committed to the ideal of equal employment opportunity, to providing a workplace that is free of harassment and discrimination and to respecting the human rights of its employees. The Company will ensure a safe workplace and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities. To this end the Company will observe the rule and spirit of the legal and regulatory environment in which the Company operates.

(f) **Responsibility to the community and the environment**

The Company will recognise, consider and respect legal requirements affecting its operations and comply with all applicable legal requirements.

The Company will act with honesty, integrity and fairness in all dealings with the community and will act responsibly towards the environment.

(g) **Responsibility to the individual**

The Company recognises and respects the privacy rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information.

(h) The Company and the Board will maintain the Company's and our shareholders', customers' and suppliers' information confidentiality unless required to be disclosed by law. **Obligations relative to fair trading and dealing**

The Company will deal with others in a way that is honest, fair and will not engage in deceptive practices. The Company is committed to complying with the laws and regulations of the countries in which its businesses operate and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect.

The Company believes that a fraudulent or corrupt act could significantly impact on the confidence of the Company's stakeholders and significantly diminish the Company's reputation. Accordingly, the Company has a zero tolerance policy to fraud and corruption and will thoroughly investigate and apply the full force of the law where sufficient evidence is obtained.

The Board may implement a fraud prevention and corruption control framework that addresses fraud and corruption prevention planning, resourcing, prevention, detection, response and reporting procedures.

All Directors, Management and employees of the Company and group members must exercise reasonable care and diligence in the prevention of fraud or corruption by or against the Company.

All Directors and employees of the Company or group members must:

(1) understand and comply with this Policy;

(2) not give, offer, accept or request bribes, facilitation payments, secret commissions or other prohibited payments or engage in money laundering or cause any of them to be given, offered, accepted or requested;

(3) not approve any offers, or make, accept or request an irregular payment or other thing of value, to win business or influence a business decision in favour of the Company or the group members;

(4) comply with any reporting and approval processes for gifts, entertainment or hospitality implemented by the Board from time to time;

(5) not offer or receive any gifts, entertainment or hospitality to or from public or government officials or politicians, without approval from the Chairperson or the Board;

(6) obtain required approvals for donations and sponsorship;

(7) immediately report to the Chairperson or the Managing Director (or Chief Executive Officer) if they uncover or suspects an incidence of fraud or corruption.

The Company will comprehensively investigate all suspected incidences of fraud or corruption using the principles of independence, objectivity and the rules of natural justice. The Company is committed to ensuring no one suffers detrimental treatment as a result of refusing to take part in conduct that may constitute fraud or corruption or raises a genuine concern in respect of any such conduct.

(i) **Conflicts of interest**

The Board, Management and employees of the Company must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company (excluding those matters which may be subject to legal professional privilege). Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairperson in the case of a Director or the Managing Director (if any), the Managing Director or Chief Executive Officer 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 for all concerned.

(j) **Compliance with the code of conduct**

Any breach of compliance with this code of conduct is to be reported directly to the Chief Executive Officer, Managing Director or Chairperson, as appropriate. Non-compliance with this code of conduct may result in disciplinary action.

(k) **Periodic review of code of conduct**

The Company will monitor compliance with this code of conduct periodically by liaising with the Board, Management and staff especially in relation to any areas of difficulty which arise from the code of conduct and any other ideas or suggestions for improvement of the code of conduct. Suggestions for improvements or amendments to the code of conduct can be made at any time.

(l) **Code of conduct for Directors, employees (and contractors)**

The Company will endeavour to ensure that the above principles in this code of conduct are implemented and adopted by Directors, employees and contractors of the Company by importing the following principles into the terms of such engagements. Specifically, Directors, employees and contractors will be encouraged and expected to:

(1) act in the best interests of the Company;

(2) actively promote the highest standards of ethics and integrity in carrying out their duties for the Company and act honestly;

(3) comply with the laws and regulations that apply to the Company and its operations;

(4) not knowingly participate in any illegal or unethical activity;

(5) disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and not enter any arrangement or participate in any activity that would conflict with the Company's best interest or which they believe could compromise in any way the reputation or performance of the Company;

(6) respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such

confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;

(7) deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates;

(8) protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these is used for personal gain or to compete with the Company; and

(9) report any breach of this code of conduct to Management, who will treat reports made in good faith of such violations with respect and in confidence.

A.9 **Communications with investors**

The Company aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company communicates information regularly to shareholders through a range of forums and publications.

The Company's website is one of its key communication tools and the Company endeavours to keep its website up-to-date, complete and accurate. The Company's website also contains a facility for shareholders to direct inquiries to the Company and to elect to receive communications from the Company via email.

The Company uses its annual general meeting (**AGM**) as an opportunity to further engage with its shareholders and seek their input on the management of the Company. The Company undertakes a number of steps to seek to maximise shareholders' ability to participate in the AGM process by:

(1) making Directors, members of Management and the external auditor available at the AGM;

(2) allowing shareholders in attendance at the AGM a reasonable opportunity to ask questions regarding the items of business, including questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor's report; and

(3) providing shareholders who are unable to attend the meeting with an opportunity to submit questions in advance of the meeting.

A.10 **Selection of external auditor and rotation of audit engagement partner**

(a) **Responsibility**

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

(b) **Selection criteria**

Mandatory criteria

Candidates for the position of external auditor of the Company must be able to demonstrate independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

Other criteria

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

(c) **Review**

The Audit and Risk Management Committee will review the performance of the external auditor on an annual basis.

A.11 **Committees**

As set out in Section A.1(b), one of the functions of the Board is to form and monitor any special purpose Committees established to review certain aspects of the operations of the Company, having regard to the principles under this Section A.

The Company has established the following Committees for this purpose:

(1) Remuneration Committee; and

(2) Audit & Risk Management Committee.

In addition, the Company may in the future (if the Directors consider that the Company is of a size or its affairs of such complexity as to justify their formation) establish the following Committees:

(1) Corporate Governance Committee;

(2) Nominations Committee.

The Charters of each of these Committees are set out in this document.

Section B – Corporate Governance Committee Charter

B.1 **Committee members**

The Company has not formally established a Corporate Governance Committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole is able to address these issues and will initially comprise the Corporate Governance Committee. The Company will review this position annually and determine whether a Corporate Governance Committee needs to be established.

B.2 **Purpose**

(a) The Corporate Governance Committee Charter (in this Section B, the **Charter**) sets out the role, responsibilities, powers, authority and membership requirements of the Corporate Governance Committee (in this Section B, the **Committee**).

(b) Key features of the Charter will be outlined in the Corporate Governance Statement or the Annual Report. The Charter is available to shareholders of the Company on the Company's website.

(c) This Charter will replace and supersede any previous charters of the Committee.

B.3 **Definition and objectives of the Committee**

(a) The Committee is a committee of the Board.

(b) The Committee is responsible for:

(1) reviewing, so far as is practicable having regard to the size of the Company and the nature of its operations, the performance of the Board and each individual Director;

(2) reviewing compliance by the Company with the Charter;

(3) ensuring, an appropriate Board and Committee structure is in place to enable the Board to properly perform its review function, having regard to the size of the Company and the nature of its operations;

(4) preparing and reviewing the Company's annual public disclosures as required by the ASX Listing Rules, Exchange Rules or Equivalent Laws regarding the Company's corporate governance system, including explaining, as required, any differences between the Company's practices and the recommended guidelines set by the ASX, the Exchange or any applicable regulatory body by preparing the Corporate Governance Statement;

(5) confirming that all members of the Board have been informed of their duties and responsibilities as a Director;

(6) periodically reviewing the Company's policies and procedures regarding meeting its continuous disclosure requirements;

(7) periodically considering areas of potential liabilities of Directors and seeking to ensure the Company adopts reasonable protective measures;

(8) assessing the adequacy and quality of information provided to the Board prior to and during its meetings;

(9) reviewing periodically this Charter, the Company's Corporate Governance Charter, Trading Policy, Corporate Ethics Policy and Diversity Policy and any other issues related to corporate governance, and recommending any proposed changes to the Board for approval;

(10) ensuring that the necessary controls are in place for risk management to be maintained;

(11) considering any changes to governance guidelines or recommendations of the ASX, Exchange or Equivalent Law and proposing any changes to the Board for approval;

(12) conducting, so far as is practicable having regard to the size of the Company and the nature of its operations, an annual performance self-evaluation of the Committee;

(13) appraising the Board regularly of significant developments in the course of performing the above duties, including reviewing with the full Board any issues that arise; and

(14) ensuring, so far as is practicable having regard to the size of the Company and the nature of its operations, compliance by the Company and the Board with the *Corporate Governance Principles and Recommendations* and National Instrument 58-201 - *Corporate Governance Guidelines*, as adopted by the Canadian Securities Administrators.

(c) The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities. Nothing in this Charter will, or is intended to, expand applicable standards of liability under the *Corporations Act,* the *Business Corporations Act* (British Colombia) or Equivalent Law for directors of a corporation.

B.4 **Powers and authority of the Committee**

(a) The Committee has the ability to direct any special investigations deemed necessary, to obtain access to the Company's professional advisors as needed and to consult independent experts where considered necessary to carry out its duties and has the authority to retain persons having special competencies (including, without limitation, legal or other consultants and experts) to assist the Committee in fulfilling its responsibilities.

(b) The costs of consultations commissioned by the Committee will be borne by the Company.

(c) The Committee has been, and will be, granted by the Board unrestricted access to all information and all employees have been, and will be, directed to cooperate as requested by members of the Committee.

B.5 **Reporting**

(a) Proceedings of all meetings are to be minuted and signed by the chairperson of the Committee (in this Section, the **Committee Chairperson**).

(b) The Committee, through the Committee Chairperson, is to report to the Board at the earliest possible Board meeting after the Committee meeting regarding the determinations and conclusions at its meetings. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board. The minutes should include, where appropriate:

(1) information about any examination or assessment carried out by the Committee including the results of such assessments;

(2) an assessment of:

(A) the Board and Committee structure;

(B) the adequacy and quality of information provided to the Board prior to and during its meetings;

(C) the various Charters;

(D) the adequacy of controls in place for risk management; and

(E) the effectiveness of the Committee;

(3) any recommendations for changes to procedures implemented by the Company, the Board or any Committee;

(4) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and

(5) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter, and where appropriate, summarising the Committee's activities during the year, including:

(A) a summary of the Committee's main authority, responsibilities and duties;

(B) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;

(C) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;

(D) explanation of any departures from the best practice recommendations under the Corporate Governance Principles and Recommendations;

(E) details of any change to the independent status of each member during the relevant period, if applicable; and

(F) details of any determinations made by the Committee in satisfying its objectives.

B.6 **Application of the Standing Rules**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms of this Charter.

Section C – Audit and Risk Management Committee Charter

C.1 **Committee members**

(a) The Board has established an Audit and Risk Management Committee.

(b) The Audit and Risk Management Committee (in this Section, the **Committee**) will ideally consist of the following:

(1) a minimum of three members;

(2) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);

(3) a majority of Independent Directors; and

(4) an Independent Director as the chairperson who is not the Chairperson of the Board.

(c) Each member of the Audit and Risk Management Committee is to be financially literate as such term is defined in National Instrument 52-110 *Audit Committee*s of the Equivalent Laws and at least one member of the Committee is to have accounting or related financial management experience. Any member of the Committee who is not 'financially literate' at the time of appointment will work towards becoming financially literate as soon as possible. The Members of the Audit and Risk Committee should, between them, have the accounting and financial expertise, technical knowledge and a sufficient understanding of the industry in which the Company operates, in order to discharge the Charter.

(d) The Company Secretary, chief financial officer, any accounting personnel for the Company and any representatives of the auditors may be invited to form part of the Committee or to attend meetings of the Committee from time to time.

C.2 **Purpose**

(a) The Audit and Risk Management Committee Charter (in this Section, the **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Committee.

(b) Key features of the Charter will be outlined in the Corporate Governance Statement, Annual Report or on the Company's website. The Charter is available to shareholders of the Company on the Company's website.

(c) This Charter will replace and supersede any previous charters of the Committee.

C.3 **Definition and objectives of the Committee**

(a) The Committee is a committee of the Board.

(b) The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:

Audit related

(1) reviewing and making recommendations to the Board in relation to whether the Company's financial statements reflect the understanding of the members of the Committee, and otherwise provide a true and fair view of the financial position and performance of the Company;

(2) reviewing and making recommendations to the Board in relation to the appropriateness of the accounting judgments or choices exercised by Management in preparing the Company's financial statements;

(3) ensuring that the quality of financial controls is appropriate for the business of the Company;

(4) reviewing the scope, results and adequacy of external and internal audits;

(5) requiring the external auditors to report to the Committee;

(6) monitoring corporate conduct and business ethics and ongoing compliance with laws and regulations;

(7) maintaining open lines of communication between the Board, Management and the external auditors, thus enabling information and points of view to be freely exchanged;

(8) reviewing matters of significance affecting the financial welfare of the Company;

(9) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate and making recommendations in this regard;

(10) reviewing the Company's internal financial control system;

(11) considering and making recommendations regarding the appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;

(12) monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements and the performance of the external auditor;

(13) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm and making recommendations on any proposal by the external auditor to provide non-audit services;

(14) reviewing and pre-approving all audit and audit-related services and the fees and other compensation related thereto and any engagement of the external auditor to supply non-audit services. The pre-approval requirement will be waived with respect to the provision of non-audit services if:

(A) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;

(B) such services were not recognised by the Company at the time of the engagement to be non-audit services; and

(C) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

(15) where the Company has an internal audit function, reviewing and making recommendations regarding:

(A) the appointment or removal of the head of internal audit;

(B) the scope and adequacy of the internal audit work plan; and

(C) the objectivity and performance of the internal audit function; and

Risk related

(16) reviewing and making recommendations to the Board in relation to the adequacy of the Company's processes for managing risks, including:

(A) in relation to any incident involving fraud or other break down of the Company's internal controls;

(B) in relation to the Company's insurance program, having regard to the Company's business and the insurable risks associated with the business;

(17) ensuring the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems and overseeing this framework;

(18) defining and periodically reviewing risk management as it applies to the Company and clearly identifying all stakeholders;

(19) ensuring the Committee clearly communicates the Company's risk management philosophy, policies and strategies to Directors, Management, employees, contractors and appropriate stakeholders;

(20) ensuring that the Board and Management establish a risk aware culture which reflects the Company's risk policies and philosophies;

(21) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;

(22) making informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures;

(23) considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities;

(24) reviewing the Company's financial statements, Management's discussion and analysis, annual reports and any other annual or interim filings regarding financial information before the Company publicly disseminates this information or files with any governmental body, including any certifications, reports, opinions or reviews rendered by the external auditors; and

Financial reporting process

(25) in consultation with the external auditors, reviewing with Management the integrity of the Company's financial reporting process, both internal and external;

(26) considering the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;

(27) considering and approving, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and Management;

(28) reviewing significant judgments made by Management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;

(29) following completion of the annual audit, reviewing separately with Management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

(30) reviewing any significant disagreement among Management and the external auditors regarding financial reporting;

(31) reviewing with the external auditors and Management the extent to which changes and improvements in financial or accounting practices have been implemented;

(32) reviewing the certification process in accordance with National Instrument 52-109; and

(33) establishing procedures for:

(A) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(B) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

(c) Membership of the Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website, together with details of the relevant experience and qualifications of members of the Committee.

C.4 **Reporting**

(a) Proceedings of all meetings are minuted and signed by the chairperson of the Committee (in this Section, the **Committee Chairperson**).

(b) The Committee, through the Committee Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board. The minutes should include, where appropriate:

(1) information about the audit process including the results of internal and external audits;

(2) an assessment of:

(A) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and

(B) the management processes supporting external reporting;

(3) procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;

(4) recommendations for the appointment or removal of an auditor;

(5) any determination by the Committee relating to the performance and independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;

(6) assessment of the performance and objectivity of the internal audit function;

(7) results of its review of risk management and internal compliance and control systems;

(8) information about its assessment of any material exposure of the Company to economic, environmental and social sustainability risks (if any) and how it proposes that these risks may be managed;

(9) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and

(10) at least annually, a review of the Company's risk management policy framework and of the formal written Charter and their continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter and where appropriate, summarising the Committee's activities during the year including:

(A) a summary of the Committee's main authority, responsibilities and duties;

(B) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;

(C) member and related party dealings with the Company;

(D) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;

(E) explanation of any departures from Recommendations 4.1, 7.1, 7.2, 7.3 and 7.4 of the *Corporate Governance Principles and Recommendations*;

(F) details of any change to the independent status of each member during the relevant period, if applicable; and

(G) details of any determination by the Committee regarding the external auditor's independence.

C.5 **Risk management policies**

The Committee will ensure that the necessary controls are in place for an appropriate risk management framework to be maintained by:

(a) devising a means of analysing the effectiveness of risk management and internal compliance and control systems and of the effectiveness of their implementation; and

(b) reviewing the Company's risk management framework at least annually in order to satisfy the Committee that it continues to be sound.

C.6 **Attendance at meetings**

(a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.

(b) Notwithstanding clause C.6(a), if, in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

(c) The Committee will meet at least once annually with the Company's external auditor and with Management, in separate sessions.

C.7 **Access**

(a) The Committee will have unlimited access to the external and internal auditors, and to senior management of the Company and any group member. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will also have the ability to interview Management and internal and external auditors (with or without Management present).

(b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

C.8 **Application of the Standing Rules**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

Section D - Remuneration Committee Charter

D.1 Committee members

The Board has established the Remuneration Committee.

D.2 Purpose

(a) The Remuneration Committee Charter (in this Section, the **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Remuneration Committee (in this Section, the **Committee**).

(b) Key features of the Charter will be outlined in the Corporate Governance Statement, the Annual Report or the Company's website. The Charter is available to shareholders of the Company on the Company's website.

D.3 Definition and objectives of the Committee

(a) The Committee is a committee of the Board which will ideally be comprised of:

(1) a minimum of three members;

(2) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);

(3) a majority of Independent Directors; and

(4) an Independent Director as the chairperson.

(b) In developing the structure for executive remuneration, consider matters including that:

(1) Management should be remunerated by an appropriate balance of fixed remuneration and performance based remuneration;

(2) levels of fixed remuneration should be reasonable and fair, relative to the scale of the Company's business, and should reflect core performance requirements and expectations;

(3) any performance based remuneration should be clearly linked to specific performance targets which are aligned to the Company's short and long term performance objectives. Such targets should be appropriate to the Company's circumstances, goals and risk appetite;

(4) equity based remuneration may include, amongst other things, options or performance rights. Such remuneration should include appropriate hurdles that are aligned to the Company's longer term performance objectives and should be structured in a manner so as to ensure they do not lead to a short term focus or the taking of undue risks; and

(5) any termination payments for Management should be agreed in advance and should not be applied in the case of removal for misconduct. Consideration will be given as to whether shareholder approval will be required for any termination payments.

(c) The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:

(1) Management remuneration and incentive plans:

(A) including, but not limited to, pension and superannuation rights and compensation payments and any amendments to that policy proposed from time to time by Management;

(B) review of the on-going appropriateness and relevance of the Management remuneration policy and other Management benefit programs;

(C) consideration of whether to seek shareholder approval of the Management remuneration policy;

(D) overseeing the implementation of the remuneration policy;

(E) review and approval of the total proposed payments from each member of Management;

If the Committee includes an executive Director, the executive Director should not be involved in deciding their own remuneration and should be cognisant of any potential conflict of interest if they are involved in setting remuneration for other executives that may indirectly affect their own remuneration.

In respect of such Management remuneration, review the competitiveness of the Company's Management compensation programmes to ensure:

(A) the programmes are attractive, with a view to ensuring the retention of the Company’s Management;

(B) the motivation of the Company’s Management to achieve the Company's business objectives; and

(C) the alignment of the interests of key leadership with the long term interests of the Company's shareholders.

(2) the remuneration packages for Management:

(A) consider and make recommendations to the Board on the entire specific remuneration for each member of Management (including fixed remuneration, performance based remuneration, equity based remuneration, termination benefits, retirement rights, service contracts and superannuation), having regard to the Management remuneration policy; and

(B) consider whether shareholder approval will be required.

(3) non-executive Director remuneration:

(A) the Company’s remuneration framework for non-executive Directors, including the process by which any pool of non-executive Directors’ fees approved by shareholders are allocated to non-executive Directors;

(B) in developing the structure, consider matters including that:

(i) non-executive Directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits or superannuation contributions);

(ii) levels of fixed remuneration for non-executive directors should reflect the time commitment and responsibilities of the role;

(iii) non-executive Directors should not receive performance based remuneration;

(iv) non-executive Directors may receive Securities as part of their remuneration, however, they should not receive options with performance hurdles attached or performance rights as part of their remuneration; and

(v) non-executive directors should not be provided with retirement benefits (other than statutory superannuation),

whilst at the same time also taking into consideration the fact that Recommendation 8.2 of the *Corporate Governance Principles and Recommendations* and associated commentary is inconsistent with the common practice in the Company's jurisdiction of registration;

(C) ensure that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders; and

(D) provide, in the Corporate Governance Statement, any departures from Recommendation 8.2 if necessary;

(4) the Company's recruitment, retention and termination policies and procedures for senior management;

(5) incentive plans (equity and cash based):

(A) review and approve the design of all equity based plans;

(B) keep all plans under review in light of legislative, regulatory and market developments;

(C) for each equity-based plan, determine each year whether awards will be made under that plan;

(D) ensure that the equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders;

(E) review and approve total proposed awards under each plan;

(F) in addition to considering awards to executive Directors and direct reports to the Managing Director, review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and

(G) review, approve and keep under review performance hurdles for each equity-based plan;

(6) superannuation arrangements;

(7) remuneration of members of other Committees of the Board; and

(8) whether there is any gender or other inappropriate bias in remuneration for Directors, Management or other employees of the Company.

D.4 **Remuneration policies**

(a) The Committee should design the remuneration policy in such a way that it:

(1) motivates Directors and Management to pursue the long-term growth and success of the Company within an appropriate control framework; and

(2) demonstrates a clear relationship between key executive performance and remuneration.

(b) In performing its role, the Committee is required to ensure that:

(1) the remuneration offered is in accordance with prevailing market conditions, and that exceptional circumstances are taken into consideration;

(2) contract provisions reflect market practice; and

(3) targets and incentives are based on realistic performance criteria.

(c) The Committee will also:

(1) overview the application of sound remuneration and employment practices across the Company; and

(2) use its reasonable efforts to ensure the Company complies with legislative requirements related to employment practices.

D.5 **Approval**

(a) The Committee must approve the following prior to implementation:

(1) changes to the remuneration or contract terms of Executive Directors and Management;

(2) the design of new, or amendments to current, equity plans or Management cash-based incentive plans;

(3) the total level of compensation proposed from equity plans or executive cash-based incentive plans; and

(4) termination payments to executive Directors or Management, including consideration of early termination, except for removal for misconduct.

D.6 **Reporting**

(a) Proceedings of all meetings of the Committee are to be minuted and signed by the Chairperson.

(b) The Committee, through the chairperson of the Committee (in this Section, the **Committee Chairperson**), is to report to the Board at the earliest possible Board meeting after the Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board. The minutes should include, where appropriate:

(1) information about the review process undertaken by the Committee;

(2) an assessment of:

(A) Management remuneration and incentive plans;

(B) remuneration packages for Management;

(C) non-executive Director remuneration;

(D) the Company's recruitment and retention and termination policies and procedures for Management;

(E) incentive plans (equity and cash based);

(F) superannuation arrangements; and

(G) remuneration of members of other Committees of the Board;

(3) recommendations for setting remuneration levels for Directors, Management and Committees;

(4) any matter that in the opinion of the Committee should be brought to the attention of the Board and any recommendation requiring Board approval and/or action;

(5) providing details of the Company's policies and practices for the deferral of performance based remuneration and the reduction, cancellation or claw back of performance based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

(6) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter and where appropriate, summarising the Committee's activities during the year including:

(A) a summary of the Committee's main authority, responsibilities and duties;

(B) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;

(C) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;

(D) explanation of any departure from Recommendations 8.1, 8.2 and 8.3 of the Corporate Governance Principles and Recommendations; and

(E) details of any change to the independent status of each member during the relevant period, if applicable.

D.7 **Meetings**

(a) Despite the Standing Rules, there is no requirement that the Remuneration Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfil its obligations.

(b) In addition, the Committee Chairperson is required to call a meeting of the Committee if requested to do so by any Committee member, the internal or external auditors, the Chairperson of the Board or any other Board member.

(c) The Committee may also seek input from individuals on remuneration policies but no individual should be directly involved in deciding his or her own remuneration.

D.8 **Attendance at meetings**

Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which the remuneration of that Director or a related party of that Director is being discussed.

D.9 **Access**

(a) The Committee will have access to employees of the Company and appropriate external advisers. The Committee may meet with these external advisers without Management being present. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will have the ability to interview Management where considered necessary or appropriate.

(b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

D.10 **Application of the Standing Rules**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

Section E – Nominations Committee Charter

E.1 Committee members

The Company has not formally established a Nominations Committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board considers that it is able to deal efficiently and effectively with Board composition and succession issues without establishing a separate Nomination Committee and in doing so, the Board will be guided by the Charter set out below. The Company will review this position annually and determine whether a Nominations Committee needs to be established. The Company will also provide details in its Corporate Governance Statement, the Annual Report or the Company's website of the processes it employs in relation to addressing board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

E.2 Purpose

(a) The Nominations Committee Charter (in this Section, the **Charter**) sets out the role, responsibilities, powers, authority and membership requirements of the Nominations Committee (in this Section, the **Committee**).

(b) Key features of the Charter will be outlined in the Corporate Governance Statement, the Annual Report or the Company's website. The Charter is available to shareholders of the Company on the Company's website.

E.3 Definition and objectives of the Committee

(a) The Committee is a Committee of the Board which will ideally be comprised of:

(1) a minimum of three members;

(2) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);

(3) a majority of Independent Directors; and

(4) an Independent Director as chairperson.

(b) Consideration will be given to seeking appropriate diversity of membership of the Committee in order to avoid entrenching unconscious bias.

(c) In the event that the chairperson of the Committee is also the chairperson of the Board, a separate chairperson should be appointed if and when the Committee is dealing with the appointment of a successor to the chair of the Board.

(d) The Committee is responsible for assisting the Board in relation to the appointment of members to the Board and of Management (including, without limitation, a Chief Executive Officer, a chief financial officer or a chief operating officer (to the extent that the Company has or requires such positions)), and for the review of the performance of such persons.

(e) The Committee is also responsible for implementing the Diversity Policy and ensuring that the Company seeks to achieve its objectives set out in the Diversity Policy across all levels in the Company.

(f) The Committee will discharge its responsibility by:

(1) developing criteria for seeking and reviewing candidates for a position on the Board, including implementation of processes to assess the necessary and desirable attributes

of Board members including relevant industry expertise, prior public company experience (especially at the board and committee levels), and other specialized knowledge and technical, professional and social skills most likely to result in superior performance in exercising the duties and discharging the obligations and responsibilities as a member of the Board or a Committee established by the Board;

(2) identifying suitable candidates from diverse backgrounds for appointment to the Board or Management positions;

(3) undertaking appropriate checks on candidates for Board positions, including as to the person's character, experience, education, criminal history and bankruptcy. A review should also be undertaken of the candidate's other commitments and whether the candidate will have sufficient time to fulfil his or her responsibilities as a Director or member of the Board;

(4) reviewing appropriate applications for positions on the Board and recommending individuals for consideration by the Board;

(5) ensuring the Company enters a written agreement with each Director and member of Management, setting out the terms of their appointment to ensure both parties have a clear understanding of their roles and responsibilities;

(6) in the case of a non-executive Director, the agreement should set out, amongst other things:

(A) the term of appointment and circumstances in which the office will become vacant;

(B) time commitments envisaged, as well as expected involvement with Committees or special duties;

(C) remuneration (including superannuation) and indemnity and insurance arrangements;

(D) requirements regarding disclosure of Director's interests and any matters which may affect the independence of the Director;

(E) the requirement to comply with key policies of the Company, including the Corporate Governance Charter, Disclosure Policy, Diversity Policy and Trading Policy;

(F) the Company's policy as to when Directors may seek independent advice at the expense of the entity; and

(G) ongoing rights of access to corporate information and ongoing confidentiality obligations;

(7) in the case of a member of Management, the agreement should generally address the above-mentioned information, as well as a clear description of the individual's position, duties and responsibilities, the person to whom they should report, circumstances which may result in termination and any entitlements on termination;

(8) establishing a Board "skills matrix" to identify any gaps in the collective skills of the Board that should be addressed as part of professional development initiatives and succession planning;

(9) implementing a program for inducting new Directors and providing appropriate professional development opportunities for Directors in order to develop and maintain the skill and knowledge required to perform their role effectively;

(10) reviewing the time requirements of the non-executive Directors and whether those Directors are meeting those requirements;

(11) reviewing and making recommendations in respect of Board succession planning generally and ensuring there are plans in place to manage the succession of Management;

(12) recommending strategies to address board Diversity and increasing the proportion of women in the Company;

(13) recommending procedures for adoption by the Board for the proper oversight of the Board and Management;

(14) ensuring that such procedures, once adopted, are implemented such that the performance of the Board, its Committees, each member of the Board and of Management is reviewed and assessed each year in accordance with the procedures. In relation to the review of the chair of the Board, a suitable non-executive Director should be allocated responsibility after having obtained the views of the other Directors;

(15) reporting to the Board on, and providing recommendations to address, any issues that may emerge from the periodic review of the Board, its Committees, each member of the Board and senior Management;

(16) annually reviewing the composition of each Committee established by the Board and presenting to the Board recommendations for membership of those Committees; and

(17) reviewing and making recommendations to the Board in relation to the development and implementation of a process for evaluating the performance of the Board, its Committees and Directors.

(g) Membership of the Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website.

E.4 **Reporting**

(a) Proceedings of all meetings are minuted and signed by the chairperson of the Committee (in this Section, the **Committee Chairperson**).

(b) The Committee, through the Committee Chairperson, reports to the Board at the earliest possible Board Meeting after each Committee Meeting. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board. The minutes should include, where appropriate:

(1) procedures for the selection and appointment of proposed Board and senior management representatives and for the monitoring of the performance of Board and senior managers;

(2) the steps taken to ensure that a diverse range of candidates is considered;

(3) recommendation for the appointment or removal of a Board member or senior manager;

(4) any determination by the Committee relating to the independence of a proposed Board member;

(5) an assessment of the performance of the Board, its Committees, any Board member or member of Management;

(6) an assessment of the Board "skills matrix" and diversity that the Board currently has or is looking to achieve in its membership;

(7) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and

(8) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter, and where appropriate, summarising the Committee's activities during the year, including:

(A) a summary of the Committee's main authority, responsibilities and duties;

(B) details of the mix of skills and diversity for which the board of directors is looking to achieve in membership of the Board

(C) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;

(D) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;

(E) explanation of any departures from best practice having regard to Principles 1 and 2 of the Corporate Governance Principles and Recommendations;

(F) details of the policies introduced to address Board and employee Diversity, including but not limited to strategies to increase the proportion of women at all levels of the Company;

(G) the measurable objectives that are, or will be, set by the board to achieve gender diversity in accordance with the Diversity Policy and progress towards achieving them;

(H) details of any change to the independent status of each member during the relevant period, if applicable; and

(I) details of any determination or recommendations made by the Committee in performing its functions under Section E.3.

E.5 **Attendance at meetings**

(a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.

(b) Notwithstanding Section E.5(a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

E.6 **Access**

(a) The Committee will have access to the Directors and Management. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information.

(b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

E.7 **Application of the Standing Rules**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

Section F – Standing Rules of Committees

F.1 **Application**

These Standing Rules apply to, and are deemed to be incorporated into the Charter of each Committee, except where the terms of these Standing Rules conflict with those of the relevant Charter.

F.2 **Composition**

(a) The composition of each Committee will be determined in accordance with the following principles:

(1) each Committee will aim to have membership which comprises only non-executive Directors, save where there is not a sufficient number of executive Directors or the Board considers that to do so for a particular Committee would be unnecessary or desirable, in which case, the Board may appoint one or more executive Directors to the Committee;

(2) each Committee will aim to have a majority of its members being Independent Directors (where appropriate, given the size of the Company and the Board);

(3) provided the Committee includes at least one Independent Director, the chairperson of the Committee will be an Independent Director; and

(4) the Committee will comprise at least three members.

(b) Membership of each Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website.

(c) Committee members are appointed by the Board.

(d) The term of appointment as a member is for a period of no more than one year, with Committee members generally being eligible for re-appointment for so long as they remain Directors. The effect of ceasing to be a Director is the automatic termination of that individual's appointment as a member of each Committee.

(e) Membership of each Committee should be confirmed annually by the Board at the Board's first meeting following its annual shareholder meeting.

(f) Each Director may attend meetings but will have no voting rights unless he or she is a member of the relevant Committee.

F.3 **Chairperson**

(a) The chairperson of each Committee is selected by the Board.

(b) Should the chairperson be absent from a meeting and no acting chairperson has been appointed, the members of the relevant Committee present at the meeting have authority to choose one of their number to be chairperson for that particular meeting.

F.4 **Meetings**

(a) Each Committee will meet at such intervals as required to fulfil its obligations but must meet at least annually, unless otherwise specified in the Charter applicable to that Committee.

(b) In addition, the chairperson of a Committee is required to call a meeting of that Committee if requested to do so by any member of that Committee, the external auditors, the internal auditors, the Chairperson of the Board or another Board member.

(c) The chairperson of each Committee will appoint an executive or the Company Secretary to act as secretary to that Committee who will be responsible:

(1) in conjunction with the chairperson, for drawing up the agenda, supported by explanatory documentation, and circulating it to the relevant Committee members prior to each meeting; and

(2) for keeping the minutes of each meeting of that Committee and circulating them to Committee members and to the other members of the Board.

(d) A quorum will consist of two members.

(e) The chairperson of each Committee will report to the Board following each meeting of that Committee on the decisions made by the Committee.

(f) Meetings may be held in any location and may be held by means of teleconference or videoconference.

F.5 **Fees**

A member of each Committee is entitled to receive remuneration as determined from time to time by the Remuneration Committee.

F.6 **Review of Charter**

(a) Each Charter is to be reviewed annually by the relevant Committee to ensure it remains consistent with that Committee's authority, objectives and responsibilities.

(b) Significant changes to the Charter must be recommended by the relevant Committee and approved by the Board.

F.7 **Duties and responsibilities**

(a) The duties and responsibilities of a member of each Committee are in addition to those duties set out for a Director of the Board.

(b) The duties and responsibilities of a member of each Committee are set out in each Charter.

Section G - Corporate Ethics Policy

G.1 Introduction

Directors are subject to certain stringent legal requirements regulating their conduct, both in terms of their internal conduct as Directors and in their external dealings with third parties both on their own behalf and on behalf of the Company.

To assist Directors in discharging their duty to the Company in compliance with the relevant laws to which they are subject, the Company has adopted a Corporate Ethics Policy (**Policy**).

This Policy sets out rules binding Directors in respect of:

(1) a Director's legal duties as an officer of the Company;

(2) a Director's obligations to make disclosure to the ASX, the TSXV and the market generally; and

(3) dealings by Directors in shares in the Company.

G.2 Directors' powers and duties

Each Director is required to comply strictly with the legal, statutory and equitable duties as an officer of the Company. Broadly, these duties are:

(1) to act honestly, in good faith and in the best interests of the Company;

(2) to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances;

(3) to act for proper purposes;

(4) to act in accordance with the Constitution and the *Business Corporations Act* (British Columbia) and any regulations in force thereunder from time to time;

(5) to avoid conflicts of interest or duty; and

(6) to refrain from making improper use of information gained through the office of Director, or taking improper advantage of the office of Director.

G.3 General

Directors owe a variety of duties to the Company which may affect the appropriateness of their attendance at, and participation in, meetings of the Board. These duties arise as a result of the general law and also under the *Corporations Act* and the *Business Corporations Act* (British Columbia).

The Directors should be aware that if they breach their fiduciary duties to the Company, they may be liable to account to the Company for any profit they derive or to indemnify the Company against any loss their breach has caused.

Breaches of the *Corporations Act* and the *Business Corporations Act* (British Columbia) duties may also give rise to an action for damages, fines and penalties or disqualification.

Common law fiduciary duties

A Director is said to be in a fiduciary, as opposed to an arm's length, relationship with the Company. As such a Director will owe various fiduciary duties to the Company which underlie

matters relating to the conduct of a Director, including attendance at, and participation in, meetings. The positive duties of a Director include the duty to act in good faith in the best interests of the Company, to act for proper corporate purposes and to give adequate consideration to matters for decision and to keep discretions unfettered.

Corporations Act

A Director will also be subject to duties imposed by the *Corporations Act*. They include the duty to exercise care and diligence, to exercise their powers in good faith and for a proper purpose and not to misuse their position or information obtained from their position to gain an advantage for themselves or others or cause detriment to the Company.

***Business Corporations Act* (British Columbia)**

A Director or officer of the Company will be subject to the duties imposed by the *Business Corporations Act* (British Columbia), which include the duty to act honestly and in good faith and with a view to the best interests of the Company, to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances, and to act in accordance with the *Business Corporations Act* (British Columbia) and the Constitution. These duties are in addition to, and not in derogation of, any enactment, rule of law or equity relating to the duties and liabilities of Directors and officers of the Company.

G.4 **General duties of Directors**

(a) **Proper corporate purpose**

General law duty - to act for proper corporate purposes

The duty to act for proper corporate purposes requires Directors to exercise the powers granted to them for the purpose for which they were given, not for collateral purposes.

(b) **Adequate consideration**

General law duty – to give adequate consideration and duty not to fetter a director's discretion

The duty to give adequate consideration to matters for decision and to keep discretions unfettered requires Directors to give adequate consideration to matters when exercising their discretion. They must take positive steps to inform themselves about matters and not simply acquiesce in the decision making process.

(c) **Care and diligence**

General law and Corporations Act duty – to act with a reasonable degree of care and diligence in exercising a director's powers and discharging a director's duties

Under the *Corporations Act*, a Director must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

(1) were a director of a company in the same circumstances as the Company; and

(2) occupied the same office and had the same responsibilities as the Director.

Case law on these provisions illustrates that the scope of the obligation of care and diligence will depend upon the nature of the director's role and his or her position with the Company. For instance, generally executive directors will be subject to a higher standard of care and it has been held that a chairperson of a company who is also chairperson of the company's audit and risk management committee may have a higher duty of care than a mere non-executive director.

Apart from the *Corporations Act and* the *Business Corporations Act* (British Columbia) obligations, a failure of a Director to act with a reasonable degree of care and diligence is also likely to be considered negligent.

Business Judgment Rule

The *Corporations Act* and the common law of Canada provide a mechanism for Directors to avoid a breach of their duty of care and diligence where certain parameters are met. This is known as the "business judgment rule". All Directors are expected to be familiar with this rule.

In summary, a Director who makes a business judgment is taken to meet the duty of care and diligence (whether under statute or the general law) if they:

(1) make the judgment in good faith and for a proper purpose;

(2) do not have a material personal interest in the subject matter of the judgment;

(3) inform themselves about the subject matter of the judgment to the extent they reasonably believe to be appropriate; and

(4) rationally believe that the judgment is in the best interests of the corporation.

The Director's or officer's belief that the judgment is in the best interests of the corporation is a rational one unless that belief is one that no reasonable person in their position would hold.

A 'business judgment' is any decision to take or not take action in respect of a matter relevant to the business operations of the corporation.

Whilst the business judgment rule assists Directors to avoid a breach of their duty of care and diligence under the *Corporations Act*, the general law or otherwise, it does not relieve breaches of the other duties of Directors, whether under the *Corporations Act* or otherwise, described above.

(d) **Act in good faith**

General law and Corporations Act duties:

(1) *to act in good faith in the best interests of the company;*

(2) *to act for a proper purpose;*

(3) *not to improperly use the director's position; and*

(4) *not to improperly use information obtained by virtue of the director's position.*

The duty to act in good faith in the best interests of the Company requires Directors to use their discretion honestly and with reasonable care and diligence for the purposes for which it was conferred. A Director must not promote his or her personal interest by making or pursuing a gain in circumstances in which there is a conflict, or a real possibility of a conflict, between his or her personal interests and those of the Company. Additionally, a Director must not act to promote the interest of a third person where there is a conflict, or a real possibility of conflict, between their fiduciary duties to the Company and any duties owed to the third person.

G.5 Avoiding conflicts

Attending and participating in Board meetings

The duties in relation to conflict are of particular importance when a Director is considering whether or not they should attend and participate in Board meetings.

This rule requires a Director to avoid situations in which there is a "real and sensible possibility" of conflict between the Director's personal interests and the Company's interests. This duty is also of particular significance where Directors hold multiple directorships. Whilst merely holding multiple directorships, even in competing companies, is not a breach of the rule against conflict, the rule will be breached if the Director discloses confidential information which the Director has gained as a result of their directorship of the other company.

Consequently, if a Director has a conflicting personal interest, whether direct or indirect, in a matter to be discussed a meeting of the Board, they should first disclose this matter to the Board and then consider whether participating in the matter would result in a breach of their fiduciary duties.

Material personal interest

A Director who has a material personal interest in a matter that relates to the affairs of the Company is required to disclose this to the Company.

Directors who have a material personal interest in a matter generally must not attend a meeting of the Board whilst that matter is being considered or vote on the matter. However, a Director may do these things if a resolution of the Board is passed to this effect or if ASIC has given its consent.

Despite this, the same caution must be exercised as discussed above if the other Directors consent to the conflicted Director participating in the meeting. The conflicted Director should ensure that participation would not result in a breach of his or her fiduciary duties or the duties imposed by the *Corporations Act* or *Business Corporations Act* (British Columbia).

Common directorships

These duties become particularly relevant where companies have directors in common and a decision involving a potential conflict of interest is required to be taken by one of the companies. In this case, it will generally be prudent for a director who is on the board of both companies not to participate in the decision making process of either company on that matter.

Directors providing services to the Company

In order to capitalise on the professional/technical expertise or experience of the Directors of from time to time (other than in their capacity as Directors), the Company may engage the services of a Director (or a firm associated with the Director) **only** on the following terms and conditions:

(a) the scope of the consultancy (or other services) is identified, together with a schedule of estimated costs and charge-out rates to be incurred with the Director or their firm;

(b) (where considered necessary or appropriate) the Board seeks additional quotations for the same services; and

(c) the consultancy services are approved by the Board.

G.6 **Confidentiality**

The Directors will have access to any information which the Directors may consider necessary to perform their responsibilities and exercise their independent judgment when making decisions. All information received by a Director in these circumstances must be considered confidential and at all times remains the property of the Company.

Any confidential information of the Company acquired by a Director during the Director's appointment must not be disclosed by the Director, or the Director must not allow it to be disclosed, to any other person unless the disclosure is authorised by the Chairperson or is required by law or regulatory body (including a relevant stock exchange).

G.7 **Independence**

The Board is required to regularly (and in any event, at least annually) assess the independence of Directors to ensure that Directors do not have any relationship or interest that interferes with their unfettered and independent judgment, or could reasonably give the impression that the Director's independence has been compromised.

Set out in Section B is the Corporate Governance Committee Charter under which the Corporate Governance Committee is charged with assessing the independence of each Director on behalf of the Board.

Directors are required to co-operate fully with any assessment process and give all reasonable information requested.

Directors are also required to fully and frankly tell the Board about anything that:

(1) may lead to an actual or potential conflict of interest or duty;

(2) may lead to a reasonable perception of an actual or potential conflict of interest or duty;

(3) interferes with a Director's unfettered and independent judgment; or

(4) could reasonably give the impression that a Director's independence has been compromised.

Directors are also required to tell the Company about any interest which they may have in securities of the Company (or of a related body corporate) or interest in any contract relating to those securities. This is discussed in greater detail below.

G.8 **Dealings by Directors in Securities of the Company**

The Company has adopted the Trading Policy set out in Section H which is designed to ensure that Directors and others associated with the Company do not deal in Securities of the Company at inappropriate times or in inappropriate circumstances.

G.9 **Notification to ASX of Directors' interests**

Directors must also be aware that pursuant to the provisions of the *Corporations Act* they are obliged to provide the ASX with appropriate notifications of their interests in the Company.

Pursuant to ASX Listing Rule 3.19A the Company must notify the ASX of the following in respect of each Director:

(a) relevant interests of a Director in securities of the Company or of a related body corporate;

(b) contracts:

(1) to which the Director is a party or under which the Director is entitled to a benefit; and

(2) that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate.

Directors must ensure that the ASX is notified of the above interests in accordance with Listing Rule 3.19A. This Rule requires the Company, not the particular Director, to notify the ASX of the above interests.

Accordingly, the Company will enter into an agreement with each Director under which each Director will be obliged to provide the necessary information to the Company. An agreement of this nature recognises that much of the information required by the ASX, under ASX Listing Rule 3.19A, is held by each Director, by virtue of their position and role within the Company. By entering into a formal agreement, the Company ensures that each Director is aware of the disclosure obligations under the ASX Listing Rules and each Director authorises the Company to give the information provided by them to the ASX on their behalf and as their agent.

In particular, Listing Rule 3.19A provides that:

(a) when a Director is appointed – the Company must notify the ASX of the above interests within 5 business days after the appointment (the appropriate form is ASX Appendix 3X). Accordingly, each Director must provide the following information as at the date of their appointment as a Director:

(1) details of all securities registered in their name, including the number and class of the securities;

(2) details of all securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of Section 9 of the *Corporations Act*, including the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and

(3) details of all contracts to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the Director's interest under the contract.

(b) where a change in the above interests of a Director occurs – the Company must advise the ASX of the change in the Director's interests to the ASX no more than 5 business days after the change occurs (the appropriate form is ASX Appendix 3Y). Directors will need to provide to the Company on an on-going basis, as soon as reasonably possible after the date of the change and, in any event, no later than 3 business days after the date of the change:

(1) details of changes in securities registered in the Director's name, including the following:

(A) the date of the change;

(B) the number and class of securities held before and after the change;

(C) the nature of the change (e.g,, on-market, off-market);

(D) the consideration paid or received in connection with the change; and

(E) if an off-market transaction, the value of the securities that are the subject of the change;

(2) details of changes in securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of Section 9 of the *Corporations Act*, including the following:

(A) the date of the change;

(B) the number and class of securities held before and after the change;

(C) the name of the registered holder before and after the change;

(D) the circumstances giving rise to the relevant interest;

(E) the nature of the change (e.g., on-market, off-market);

(F) the consideration paid or received in connection with the change; and

(G) if an off-market transaction, the value of the securities that are the subject of the change; and

(3) details of all changes to contracts to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the following:

(A) the date of the change;

(B) the number and class of the shares, debentures or interests to which the interest relates before and after the change;

(C) the name of the registered holder if the shares, debentures or interests have been issued; and

(D) the nature of the Director's interest under the contract; and

(c) where a Director ceases to be a Director – the Company must notify the ASX of the interests of the Director at the time the Director ceases to be a Director, no more than 5 business days after the director ceases to be a Director (the appropriate form is ASX Appendix 3Z). Directors must supply to the Company as soon as reasonably possible after the date of ceasing to be a Director and, in any event no later than 3 business days after the date of ceasing to be a Director, the following information:

(1) details of all securities registered in the Director's name, including the number and class of the securities;

(2) details of all securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of Section 9 of the *Corporations Act*, including the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and

(3) details of all contracts to which the Director is a party or under which he or she is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures

of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the Director's interest under the contract.

G.10 **Notifications regarding Directors Interests in Canada**

Under the Equivalent Law and specifically the *Securities Act* (British Columbia) and National Instrument 55-104- *Insider Reporting Requirements and Exemptions*, an insider of a reporting issuer is generally required to file reports disclosing information about transactions involving the Company's securities or related financial instruments, unless the insider is eligible for an exemption from the insider trading requirement.

An insider is defined in the Securities Act (British Columbia) as (i) a director or officer of the company, (ii) a director or officer of a person that is an insider or subsidiary of the company, (iii) a person that has beneficial ownership of, or control and direction over (or any combination thereof, directly or indirectly) securities of the company carrying more than 10% of the voting rights attached to the company's outstanding securities, among others.

All reporting insiders must disclose, upon becoming an insider, any direct or indirect beneficial ownership of, or control of direction over, the securities of the Company and thereafter any changes in such ownership and control. A reporting insider is defined in National Instrument 55-104, but generally a person or company is a reporting insider of a company if the person or company has routine access to material undisclosed information concerning the Company and has significant influence over the Company. **Insider reporting is the obligation of the insider and is not the obligation of the Company**.

Canadian securities laws include a number of exemptions from the insider reporting requirement which are found in the Equivalent Law. Insiders are encouraged to contact their own independent legal advisors to assist them with their insider reporting obligations.

The specific insider reporting requirements are found in National Instrument 55-104. Insider reports refer to all securities of the Company, including shares, stock options, warrants and debt securities.

Initial Insider Reports – A nil report is not required to be filed by an insider who does not own or control securities of the Company. Accordingly, a new insider who holds no securities of the issuer will not be required to file an insider report until the insider first acquires securities of the issuer. The deadline for filing the initial report is ten days from the date the insider acquired the securities. The insider should ensure that an "insider profile" has been created through the SEDI system (discussed below) before the insider report is filed.

Subsequent Insider Reports – If there are any changes in ownership or control of the securities held by the insider subsequent to a previously filed insider report, an updated insider report must be filed by the insider within five days of the change.

Filing of Insider Reports – Instructions for the completion and filing of insider reports are found in National Instrument 55-102 – *System for Electronic Disclosure by Insiders (SEDI),* found at http://www.bcsc.bc.ca/insiders.asp.

Insiders are required to file their insider reports in electronic format via the SEDI website at https://www.sedi.ca. In order to effect such filings an insider must be registered as, or arrange to have reports filed through, a "SEDI user" with access to the SEDI filing system. By filing an insider report on SEDI an insider will satisfy the securities laws of British Columbia and the other reporting jurisdictions of Canada.

Failure to file Insider Reports – It is an offense to file an insider report in accordance with the filing deadlines of the Equivalent Laws or to submit information in an insider report that, in a material respect, is misleading or untrue. A failure to file an insider report in a timely manner, or the filing of an insider report that contains information that is materially misleading, may result in one or more of the following: (i) the imposition of a late filing fee; (ii) the Company being identified as a defaulting issuer on a public database of reporting issuers maintained by certain securities regulators; (iii) the issuance of a cease trade order that prohibits the reporting insider from trading in securities and related financial instruments of the applicable reporting issuer, whether direct or indirect, until the failure to file is corrected; or (iv) in appropriate circumstances enforcement proceedings, which can result in, among other things, the issuance of an order that the reporting insider not participate in capital markets as a director, officer or otherwise.

SEDI Profile and Issuer Event Reports - The Company is required to maintain an up-to-date profile on SEDI to facilitate the filing of the insider reports and must update its SEDI profile immediately following certain events, including a name change or any change in the designation of any security or class of securities of the Company disclosed or required to be disclosed in its profile. In addition, the Company must file through SEDI a prescribed report no later than one business day following an "issuer event", which is defined as a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of the Company in the same manner on a per share basis.

Sales by Control Persons – If a control person of an issuer wishes to sell any securities of that issuer, the control person as defined in the Equivalent Laws will generally be required to file a "notice of intent to sell" form on SEDAR (specifying the number of securities proposed to be sold) at least seven days before the proposed sale and then file an insider report within three days of the sale.

Early Warning Reporting - Pursuant to the Securities Act (British Columbia) and National Instrument 62-103 - *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues,* if a person acquires 10% of the securities of the Company (which includes any right to acquire securities such as warrants which if exercised would provide the holder with greater than 10% of the securities), such person is required to disseminate a news release containing certain prescribed information and file a report of the acquisition on SEDAR within 2 days of the trade. In addition, each increase of 2% or more will require the person to disseminate a further news release and file another acquisition report.

G.11 The Company's obligation of disclosure

(a) The ASX Listing Rules

As a listed entity, the Company must comply with certain continuous disclosure obligations imposed by the *Corporations Act* and the ASX Listing Rules. Chapter 3 of the ASX Listing Rules requires the Company to provide the ASX with immediate notice of certain material information.

The general disclosure rule imposed on the Company is contained in clause 3.1 of the ASX Listing Rules:

> *"3.1 Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information."*

ASX Listing Rule 3.1A provides that Listing Rule 3.1 does not apply to particular information while each of the requirements of Listing Rule 3.1 are satisfied (see section (d) below).

There is also the "false market"/"rumours" disclosure rule in clause 3.1B as follows:

> "*3.1B If ASX considers that there is or is likely to be a false market in an entity's securities and asks the entity to give it information to correct or prevent a false market, the entity must immediately give ASX that information.*"

The provisions of Chapter 3 are reinforced by Chapter 6CA of the *Corporations Act*. In particular, section 674(2) provides that if:

(a) provisions of the listing rules of a listing market in relation to an entity require an entity to notify the market operator of information about specified events or matters as they arise for the purpose of the operator making that information available to participants in the market;

(b) the entity has information that those provisions require the entity to notify to the market operator; and

(c) that information:

(1) is not generally available; and

(2) is information that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities of the entity,

the entity must notify the market operator of that information in accordance with those provisions.

It is therefore essential that Directors acquaint themselves not only with their personal obligations of disclosure, but also the disclosure obligations imposed on the Company.

(c) **The disclosure obligation**

Under the provisions of Listing Rule 3.1, the Company is required to immediately notify the ASX of any information concerning the Company of which it is, or becomes, aware, and which a reasonable person would expect to have a material effect on the price or value of the Company's shares.

(1) **When is the Company aware of information**

The Listing Rules provide that the Company is aware of information if a Director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a Director or executive officer of the Company.

An "executive officer" of the Company means a person who is concerned in, or takes part in, management of the Company. A person can be an executive officer regardless of his or her designation, and irrespective of whether or not the person is a Director.

(2) **The meaning of Immediately**

The ASX has issued a guidance note that provides guidance on how ASX interprets the word "immediately" in the context of disclosure. The guidance note provides that the word "immediately" should not be read as meaning instantaneously, but rather as meaning promptly and without delay. Doing something promptly and without delay means doing it as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay).

ASX recognises that the following circumstances may dictate how quickly an entity can give an announcement of particular information to ASX and will take them into consideration when assessing whether an entity has complied with its disclosure obligations:

- where and when the information originated;
- the forewarning (if any) the entity had on the information;
- the amount and complexity of the information concerned;
- the need in some cases to verify the accuracy or bone fides of the information;
- the need for an announcement to be carefully drawn so it is accurate, complete and not misleading;
- the need for an announcement to comply with specific legal or listing rule requirements, such as the requirement for an announcement that relates to mining or oil and gas activities to comply with Chapter 5 of the Listing Rules; and
- the need in some cases for an announcement to be approved by the entity's board or disclosure committee.

(3) **What information has a material effect on price?**

The effect of information on the price or value of the Company shares is to be judged by the expectations of a "reasonable person". A reasonable person would expect information to have a material effect on the price or value of the Company shares if the information would, or would be likely to, influence investors who commonly invest in shares in deciding whether or not to deal in the Company shares.

ASX Guidance Note 8 states that an officer faced with a decision on whether information needs to be disclosed under Listing Rule 3.1 may find it helpful to ask two questions in deciding whether information is information that a reasonable person would expect to be disclosed:

- Would this information influence my decision to buy or sell securities at their current market value?
- Would I feel exposed to an action for insider trading if I were to buy or sell securities in the entity at their current market price, knowing this information had not been disclosed to the market?

If the answer to either question is "yes", then that should be taken to be a cautionary indication that the information may be market sensitive and, if the carve-out from immediate disclosure in Listing Rule 3.1A does not apply, may need to be disclosed under Listing Rule 3.1.

The Company and each Director should be aware of ASX policy with respect to the disclosure of material information relating to the:

- financing arrangements of the Company; and
- existence and terms of any finance arrangements that may be in place in relation to a Director's shareholdings (for example margin loans).

(4) **Trading Halts**

Where the Company is or will be trading at any time after it first becomes obliged to give market sensitive information to ASX under Listing Rule 3.1 and before it can give an announcement with that information to ASX for release on the market, the Company should consider requesting a trading halt to ensure its securities are not being traded on an uninformed basis.

The Chairperson and the Managing Director (or Chief Executive Officer) are authorised to make a decision to request a trading halt. In the absence of the Chairperson or the Managing Director (or Chief Executive Officer), the chief financial officer, the Company Secretary or a Director are each authorised to make a decision to request a trading halt. An authorised person will endeavour to consult with the Chairperson and as many Board members as practicable regarding the decision to request a trading halt. No other employees are authorised to request a trading halt or suspension on behalf of the Company.

The Company will have a template letter requesting ASX to grant a trading halt ready for use at all times. The Company will ensure that ASX can always contact someone who can speak on behalf of the Company.

(5) **Finance arrangements**

Where the Company has in place or enters into new material financing arrangements or alters existing material financing arrangements which include terms that may be activated upon the occurrence of certain events (particularly those beyond the control of the Company, such as market events) disclosure may be required under Listing Rule 3.1 at the time of entry or alteration on the time any such term is activated or becomes likely to be activated.

The disclosure required may include the nature and terms of the arrangements, the trigger event, any other material information such as any impact that triggering of the term may have on the Company's relationship with its bankers, or financial position or financial performance. It may also be appropriate in some circumstances for the Company to request a trading halt if the Company is unable to immediately release the information.

(6) **Employment Contracts**

Listing Rule 3.16.1 requires the Company to immediately tell ASX of a change of Chairperson, Director, chief executive officer (or equivalent), or Company Secretary. In addition, Listing Rule 3.16.4 requires the Company to immediately disclose the material terms of any employment, service or consultancy agreement (or any variation to such agreement) it or a related entity enters into with its chief executive officer, Directors or a related party of its Chief Executive Officer or any Director.

(7) **Margin loans**

Listing Rule 3.19A and 3.19B require the Company to disclose the notifiable interests of a Director within five business days of the appointment or resignation of the Director or a change occurring to the notifiable interests. Information about shareholders and their shareholdings can be material under Listing Rule 3.1 and require immediate disclosure.

A Director must disclose to the Company any financial arrangements or margin loan the Director has entered into in respect of any securities which the Director holds in the Company. Such disclosure by the Director should be on entering into the arrangements and should include key terms of the arrangements, including the number of securities

involved, the trigger points, any right of the lender to sell unilaterally and any other material details.

Where a Director has entered into a margin loan or similar funding arrangements, the Company may be under an obligation under Listing Rule 3.19A to disclose the key terms of the arrangements, including the detail of the contract, the nature of the interest, the interest acquired and disposed, and the value/consideration.

In certain circumstances a margin loan may be required to be immediately disclosed under Listing Rule 3.1. Whether a margin loan arrangement is material and requires immediate disclosure is a matter which the Company must decide having regard to the nature of its operations and the particular circumstances of the Company.

(d) **Ramifications of failing to comply**

The ramifications of failing to comply with the continuous disclosure obligations under Listing Rule 3.1 are extremely serious, and may result in the following actions being taken:

(1) **Removal from the ASX**

The ASX may at any time remove the Company from the Official List of the ASX if the Company breaks a Listing Rule.

(2) **Criminal liability**

Under the *Corporations Act*, a failure to make a disclosure under Listing Rule 3.1, intentionally or recklessly, amounts to a criminal offence, and may result in a fine of $170,000 for a corporation (as at the date of adoption of this Policy).

In addition, individuals who are "involved" in the contravention (who would include officers or advisers who aid, abet, counsel, procure or are knowingly concerned in the contravention) are also liable. The maximum penalty for individuals is $34,000, or imprisonment for five years, or both (as at the date of adoption of this Policy).

A negligent failure to make a disclosure under Listing Rule 3.1 is a contravention of the Corporations Act, but will not amount to a criminal offence.

(3) **Civil liability**

Civil liability arises if the failure to disclose is intentional, reckless or negligent and may result in a fine of up to $1,000,000 (as at the date of adoption of this Policy). Alternatively, ASIC may, by administrative action, issue and infringement notice of up to $100,000 (as at the date of adoption of this Policy).

Officers who are involved in the breach may also face fines of up to $200,000 (as at the date of adoption of this Policy).

A person who suffers loss or damage as a result of such failure may recover that loss or damage from the Company, or against "any person involved in the contravention". This could include the directors or executives officers of the Company.

(e) **Exemption from disclosure**

The Listing Rules provide that the Company does not need to disclose information under Listing Rule 3.1A if **each** of the following is satisfied:

(1) one or more of the following applies (Listing Rule 3.1A.1):

(A) it would be a breach of a law to disclose the information;

(B) the information concerns an incomplete proposal or negotiation;

(C) the information comprises matters of supposition, or is insufficiently definite to warrant disclosure;

(D) the information is generated for internal management purposes of the Company; or

(E) the information is a trade secret; and

(2) the information is confidential (Listing Rule 3.1A.2); and

(3) a reasonable person would not expect the information to be disclosed (Listing Rule 3.1A.3).

It must be noted that the above exemption from the requirement to make disclosure only operates while all three elements are satisfied. If any of the requirements cease to be satisfied, the entity must disclose the information immediately.

By way of example, if information that has not been disclosed by relying on the exemption becomes known in some way to participants in the market, then it **must** be given to the ASX for release to the market, as it would no longer satisfy the confidentiality requirement. It does not matter how the matter became known in the market.

Looking at each of the three elements that must be established for information to be exempt from disclosure:

(1) **One of the elements in Listing Rule 3.1A.1**

One of the five elements in Listing Rule 3.1A.1 must also be established. These elements are:

(A) it would be a breach of the law to disclose the information;

(B) the information concerns an incomplete proposal or negotiation;

(C) the information comprises matters of supposition, or is insufficiently definite to warrant disclosure;

(D) the information is generated for internal management purposes of the Company; or

(E) the information is a trade secret.

(2) **Confidentiality** (Listing Rule 3.1A.2)

Listing Rule 3.1A.2 has two components: (1) the information must be confidential; and (2) ASX has not formed the view that the information has ceased to be confidential.

The word confidential in the context of Listing Rule 3.1A.2 means “secret”. Information will be confidential for the purposes of that Listing Rule if:

(A) it is known to only a limited number of people;

(B) the people who know the information understand it is to be treated in confidence and only used for permitted purposes; and

(C) those people abide by that understanding.

The mere fact that a confidentiality agreement has been entered into will not automatically satisfy this element. When negotiating a potentially market sensitive transaction the Company should be monitoring market prices of the Company and other parties involved in the transaction, newspapers, investor blogs and other social media for signs that the transaction may no longer be confidential and have a draft letter to ASX requesting a trading halt and a draft announcement about the negotiations ready to send ASX to cater for that eventuality. Any unusual activity in the Company's shares may also suggest that the information is no longer confidential, in which case, an announcement should be released or the Company should request an immediate trading halt.

(1) **A reasonable person would not expect the information to be disclosed** (Listing Rule 3.1A.3)

A reasonable person would not expect information to be disclosed if the result would be to cause unreasonable prejudice to the entity. Similarly, a reasonable person would not expect disclosures of an inordinate amount of detail.

As a general rule information that falls within the prescribed categories in Listing Rule 3.1A.1 and that meets the confidentiality requirements in Listing Rule 3.1A.2 will also satisfy the reasonable person test in Listing Rule 3.1A.3.

(f) **Applying the exemption in practice**

The exemption from disclosure would apply, for example, to information which is confidential, which a reasonable person would not expect to be disclosed, and which falls within any one of the categories of Listing Rule 3.1A.3 which may include matters such as:

(1) proposed acquisitions or disposals or other commercial arrangements in the process of negotiation;

(2) internal budgets and forecasts;

(3) management accounts;

(4) business plans;

(5) internal market intelligence;

(6) information prepared for lenders; or

(7) dispute settlement negotiations.

It is possible to foresee, however, matters which are commercially sensitive, the disclosure of which would be detrimental to the Company, which may be required to be disclosed because they do not fall within the exemptions. For example:

(1) a serious claim against the company prior to the commencement of proceedings;

(2) an investigation or allegation by a regulatory body (that is not being disputed by the company);

(3) information about a "complete" proposal;

(4) terms of settlement of a dispute which the parties wish to keep confidential, and which is not supported by a Court order of confidentiality; or

(5) material terms of a trading agreement with a major supplier.

Whether these sorts of matters will fall within any of the exceptions will depend on, and require, an assessment of particular facts.

The Listing Rules and accompanying Guidance Notes issued by the ASX provide a number of examples of matters that may require disclosure.

(g) **ASX policy**

The ASX has issued Guidance Note 8 in relation to continuous disclosure under Listing Rules 3.1 – 3.1B. Although not necessarily binding on ASX, the Guidance Note gives some insight into the factors ASX will take into consideration when determining if a Company has complied with its continuous disclosure obligations and provides worked examples of the operation of Listing Rule 3.1.

(1) **Prime importance**

The ASX states that timely disclosure of relevant information is of prime importance to the operation of an efficient market. The fundamental principle under which the Listing Rules operate is that "*timely disclosure of market sensitive information is essential to maintaining and increasing the confidence of investors in Australian markets, and to improving the accountability of company management."*

(2) **Continuous disclosure practice**

The Listing Rules make it clear that all Listing Rules (including Listing Rule 3.1A) must be complied with in the "spirit" of continuous disclosure. The ASX states that the Listing Rules are not intended to be interpreted in a legalistic or restrictive manner.

(3) **Market speculation**

The ASX notes that from time to time it may be necessary to respond to speculation (whether this be a report or rumour) in order for the market to remain properly informed.

The ASX states that it does not expect companies to respond to all comments made in the media, or to respond to all market speculation. However, when the comment or speculation appears to be based on credible market sensitive information (whether that information is accurate or not), and the market moves in a way that appears to reference the comment or speculation, the Company should make a statement in response to ensure the market remains properly informed.

It is ASX policy that whatever the information, and however much it might otherwise have been reasonable not to disclose it, the information should be released to the whole market once it becomes known to any part of the market.

(4) **ASX review**

In considering whether information is sufficiently material to require disclosure, it is important to bear in mind the test the ASX will apply when analysing the Company's actions after the disclosure might have otherwise been made.

In particular, if information is announced later than when the ASX thinks it should have been and the trading in the lead up to, and shortly after, the announcement suggests that it has moved the market price of the Company's Securities (relative to other securities in the same sector) by:

(A) 10% or more, ASX will generally regard that as confirmation that the information was market sensitive;

(B) 5% or less, ASX will generally regard that as confirmation that the information was not market sensitive.

The ASX has also set out in the notes to Listing Rule 3.1 a number of specific circumstances that may require disclosure under Listing Rule 3.1.

(5) **Disclosure of information to brokers and the media**

Listing Rule 15.7 has the effect that the Company must not release information which is for release to the market to any person (including the media, even on an embargoed basis) until it has given the information to the ASX, and has received an acknowledgement that the ASX has released it to the market.

With respect to analysts, the ASX states that a company must only disclose public information in answering analysts' questions, or reviewing analysts' draft reports. The ASX states that it is inappropriate for a question to be answered, or a report corrected, if doing so involves providing material information that is not public. The ASX states that when analysts visit a company, care should be taken to ensure that they do not obtain material information that is not public.

(h) **Information disclosure program procedures**

As will be apparent from the above, it is essential for the Company to design a disclosure system to ensure:

(1) a breach of Listing Rule 3.1A does not occur; and

(2) that information is made available to all investors equally.

(i) **Directors and executive officers**

Each of the following personnel (the "Reporting Group") will need to participate in the "continuous disclosure" system, because information in their possession will need to be considered in order to comply with the continuous disclosure obligation:

(1) the Directors;

(2) Managing Director or Chief Executive Officer; and

(3) chief financial officer and Company Secretary.

(j) **Overseeing and co-ordinating disclosure**

The Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary will individually and collectively be responsible for:

(1) ensuring the Company complies with its continuous disclosure obligations (ie. market sensitive material);

(2) overseeing and co-ordinating disclosure of information to the ASX;

(3) reviewing information to be provided to analysts, brokers, the media and the public, in order to be able to ensure any market sensitive material has been released to the ASX;

(4) overseeing and co-ordinating any request for a trading halt for the purpose of dealing with a potential disclosure issue; and

(5) educating Directors, Management and employees on the Company's disclosure policy and raising awareness of the principles underlying continuous disclosure.

(k) **Information collecting procedures to ensure Listing Rule 3.1A (market sensitive information) is identified**

The responsibilities of each member of the Reporting Group are:

(1) to ensure all notifiable (market sensitive) information is kept confidential within the Reporting Group;

(2) to collect and forward to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be, all information which is, or may be required to be disclosed and consult with them if in doubt; and

(3) to make senior personnel within his or her area of responsibility aware of the Company's disclosure obligations to ensure that all relevant information is provided to them.

(l) **Releasing information to the ASX and TSXV**

The system for releasing information to the ASX and TSXV for the Company is as follows:

(1) As soon as an employee becomes aware of information which they believe may need to be disclosed on the basis of the principles described in this Policy, he or she must immediately notify a member of the Reporting Group.

(2) When any member of the Reporting Group becomes aware of information which they believe may need to be disclosed on the basis of the principles described in this Policy, they should immediately contact and give full details to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be.

(3) Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be, will take the following steps in relation to information forwarded to them:

(A) assess whether disclosure is required and as part of this, when circumstances require, consider whether it is necessary to call a trading halt;

(B) consult the Chairperson and, as necessary other Directors and advisers (including the ASX or TSXV);

(C) inform the Managing Director (or Chief Executive Officer);

(D) prepare a market release for submission to the ASX and TSXV and have this reviewed and approved by the Chairperson and the Managing Director (or Chief Executive Officer), or if one of them is not available, another Director in their place;

(E) forward the release to the ASX and TSXV once appropriate approval for the release has been obtained; and

(F) post the market release on the Company's website once confirmation is received from the ASX and TSXV that it has been released to the market.

(4) Prior to each meeting of the Board, the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary should contact the executive members of the Reporting Group to confirm that there is no material requiring disclosure.

(5) The Board papers for each meeting should include an agenda item entitled "Continuous Disclosure". In this item, the Chairperson, Managing Director or Chief Executive Officer and Company Secretary should either:

(A) confirm that there was no material brought to his or her attention requiring disclosure for the preceding month; or

(B) outline material which has been disclosed.

(m) **Company spokespersons**

In order to maintain control over disclosures, only the following persons will be authorised to speak on the Company's behalf to analysts, brokers and institutional investors, and to respond generally to shareholder queries:

(1) Chairperson;

(2) Managing Director (or Chief Executive Officer);

(3) chief financial officer;

(4) Company Secretary; and

(5) where appropriate, non-executive Directors nominated by the Chairperson.

In order to safeguard against inadvertent disclosure of non-public information to brokers, investors, analysts and institutions prior to it being disclosed to the ASX and TSXV, the spokesperson must make contact with the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary prior to making contact with these persons in order that they can be briefed on what has been disclosed by the Company to the ASX and TSXV.

Any person speaking on behalf of the Company should only discuss information that has been released to the ASX and TSXV or is not of a material nature. They should decline to respond, or take on notice, any question the answer to which would require disclosure of material information until the information has been disclosed to the ASX and TSXV.

(n) **Discussions with analysts or investors**

The following guidelines apply in relation to briefings or other conferences with analysts or investors:

(1) information which is, or may be market sensitive, that has not been announced to ASX and TSXV and the market must not be disclosed at these briefings, either verbally or in writing;

(2) the Company will not selectively release information to any investor, analyst or journalist and all employees involved in conducting briefings or attending conferences shall take appropriate steps to ensure that no selective information release occurs;

(3) if a question raised during the briefing or conference can only be answered by disclosing market sensitive information which has not previously been disclosed to ASX and TSXV, the employee must decline to answer the question and take the question on notice;

(4) a review of the content of briefings and discussions with analysts shall be undertaken promptly after the briefing or discussion by a Director or employee of the Company who was present, in order to check if any market sensitive information that was not previously disclosed may have been inadvertently disclosed;

(5) if an employee of the Company or Director present at a briefing or a conference considers that market sensitive information that was not previously disclosed may have been inadvertently disclosed during the briefing, he or she must immediately notify a member of the Reporting Group; and

(6) a copy of all presentation material will be disclosed through ASX and TSXV prior to the briefing and placed on the Company's website after the briefing.

(o) **Authorising disclosures in advance**

Again, in order to avoid an inadvertent breach of the continuous disclosure obligations, materials to be presented and issues to be discussed at any external presentation must be discussed with the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary prior to the presentation in order that the presenter can confirm that no non-public material information is being disclosed.

(p) **Maintenance of released material**

The Company Secretary will maintain a register of information disclosed to the ASX and TSXV.

(q) **The Company website**

Information released to the ASX and TSXV should also be disclosed on the Company's website. In addition, it is good practice to include on the Company's website other materials presented to analysts and institutions.

(r) **Handling rumours, leaks and inadvertent disclosures**

It should be noted that any unauthorised leak of information may place the Company in breach of the Listing Rules or the Exchange Rules and could expose persons to allegations of insider trading.

If external contact is made seeking clarification of a rumour in the market place, the inquiry should be referred to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary. The recommended response to such inquiries is that "the Company does not respond to market rumours". Consideration will then be given by the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary as to whether a public announcement is required.

The Reporting Group should notify the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary of any unauthorised disclosure of information (even if not regarded as publicly sensitive). Consideration will then be given to the need to make an ASX or TSXV disclosure.

(s) **Reviewing discussions**

In order to ensure no price sensitive material has been inadvertently disclosed, the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary should be kept appraised of the contents of any substantive contact with analysts, brokers and institutional investors.

(t) **Draft reports**

Typically, analysts will seek to obtain a review of draft analyst reports from the chief financial officer (or Chief Executive Officer). It is permissible to comment on errors in factual information and underlying assumptions, but comment on price sensitive information should be avoided. In addition any response should be given in a way that avoids suggesting that the Company's or the market's projections are incorrect.

Section H - Trading Policy

H.1 **Purpose of this policy**

(a) This trading policy (**Policy**) is intended to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, do not abuse, and do not place themselves under suspicion of abusing Inside Information that they may be thought to have, especially in periods leading up to an announcement of the Company.

(b) The Policy sets out the procedure for trading in Securities of the Company and aims to provide Directors and Employees and any other persons who may be associated with the Company, with guidance on how and when trades in the Company's Securities may take place and when trading of the Company's Securities is strictly prohibited.

(c) For the avoidance of doubt, nothing in this Policy sanctions a breach of the market misconduct or insider trading provisions of the Corporations Act, the *Business Corporations Act* (British Colombia) or any Equivalent Law. . A person who possesses Inside Information about an entity's securities is generally prohibited from trading in those securities under the insider trading provisions of the Corporations Act and this applies even where the trade occurs as permitted within the operation of this policy.

(d) References to the Company in this Policy are references to the Company and its subsidiaries.

(e) Defined terms are set out in section H.21 of this Policy.

H.2 **Who this policy applies to**

(a) This policy applies to Restricted Persons.

H.3 **Dealing by Restricted Persons**

(a) A Restricted Person must not Deal in any Securities of the Company unless

a clearance to Deal is obtained in accordance with section H.4 of this Policy;

(b) Notwithstanding that a clearance to Deal may be granted by the Company (even in exceptional circumstances), a Restricted Person must not Deal in Company Securities where sections H.7 (Inside Information), H.14 (short-term selling), H.15 (short selling) and H.16 (hedging transactions) of this Policy are applicable.

H.4 **Clearance to Deal**

(a) All Restricted Persons (except those who are Directors, the Chief Executive Officer or the Company Secretary) must not Deal in any Securities of the Company without first notifying the Company Secretary and a Director designated by the Board for this purpose and receiving clearance to Deal from the designated Director or the Company Secretary.

(b) A Director (other than the Chairperson or a Managing Director) must not Deal in any Securities of the Company without first notifying the Chairperson (or a Director designated by the Board for this purpose) and the Company Secretary and receiving clearance to Deal from the Chairperson (or the designated Director) (or the Company Secretary on their behalf).

(c) The Chairperson must not Deal in any Securities of the Company without first notifying the Managing Director (or Chief Executive Officer) and the Company Secretary and receiving clearance to Deal from the Managing Director (or Chief Executive Officer) (or the Company Secretary on their behalf) or, if the Managing Director (or Chief Executive Officer) is not readily available, without first notifying a senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by

the Managing Director (or Chief Executive Officer), and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).

(d) The Managing Director (or Chief Executive Officer) must not Deal in any Securities of the Company without first notifying the Chairperson and the Company Secretary and receiving clearance to Deal from the chairperson (or the Company Secretary on their behalf) or, if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).

(e) If the role of Chairperson and Managing Director (or Chief Executive Officer) are combined, that person must not Deal in any Securities of the Company without first notifying the Board and the Company Secretary and receiving clearance to Deal from the Board (or the Company Secretary on its behalf).

(f) The Company Secretary must not Deal in any Securities of the Company without first notifying the Chairperson and receiving clearance to Deal from the Chairperson (or another officer of the Company nominated for that purpose by the Chairperson) or if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer.

(g) The Company reserves the right of a Clearance Officer to:

(1) give or refuse a request for a clearance to Deal at its sole discretion and without giving any reasons; or

(2) withdraw a clearance to Deal if there is a change in circumstances or new information becomes available.

(h) A response to a request for a clearance to Deal must be given to the relevant Restricted Person within two Business Days of the request being made.

(i) The Company must maintain a record of the response to a request for a clearance to Deal made by a Restricted Person and of any clearance given. A copy of the response and clearance (if any) must be given to the Restricted Person concerned.

(j) A Restricted Person who is given a clearance to Deal in accordance with this section H.4 must deal as soon as possible in any event within five Business Days of clearance being received by the Restricted Person.

(k) The grant of a clearance to Deal by the Company is not an endorsement of the Dealing by the Company. The person seeking the clearance to Deal is solely responsibility for the investment decision to Deal in Securities in the Company and compliance with insider trading laws.

(l) The grant of a clearance to Deal by the Company does not relieve a Restricted Person from their legal obligations under the insider trading provisions of the Corporations Act or Equivalent Laws. The person granted the clearance to Deal should carefully consider whether or not they are in possession of Inside Information that might preclude them from trading in those Securities and if they are in possession of Inside Information (including if they come into possession of Inside Information after obtaining a clearance to Deal), then they must not trade despite having received the clearance.

(m) Before a Restricted Person Deals in the Company's Securities, they should consider carefully whether they are in possession of any inside information that might preclude them from trading at that time and, if in any doubt, they should not trade.

(n) A refusal by a Clearance Officer to give a clearance to Deal is final and binding on the person seeking the clearance.

(o) Where the Company refuses to give a clearance to Deal, this information is confidential between the Company and the person seeking the clearance and must not be disclosed to any other person.

H.5 **Circumstances for refusal**

(a) A Restricted Person must not be given clearance to Deal in any securities of the Company during a Prohibited Period unless an exceptional circumstance arises in accordance with section H.6 of this Policy.

H.6 **Dealing in exceptional circumstances**

(a) A Restricted Person, who is not in possession of Inside Information in relation to the Company, may be given clearance to Deal during a Prohibited Period if that person is in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a person to sell (but not purchase) Securities of the Company when that person would otherwise be prohibited by this Policy from doing so. The determination of whether the person in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the Clearance Officer designated by the Board for this purpose under section H.4.

(b) A person may be in severe financial difficulty if that person has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Securities of the Company. A liability of a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the Securities of the Company or there is some other overriding legal requirement to do so.

(c) If required by the Listing Rules or Equivalent Laws, including the Exchange Rules, the Company should consult the ASX or the TSXV (or both) at an early stage regarding any application by a Restricted Person to deal in exceptional circumstances.

H.7 **Prohibition on Insider Trading**

(a) No Restricted Person may Deal in Company Securities at any time (including a Prohibited Period), if that person is or could reasonably be expected to be in possession of Inside Information.

H.8 **Communicating Inside Information**

(a) A Restricted Person in possession of Inside Information must not, directly or indirectly, communicate the information, or cause the Inside Information to be communicated, to another person if the Restricted Person knows, or ought reasonably to know, that the other person would be likely to Deal in the Company's Securities.

H.9 **Dealing by persons and entities associated with Restricted Persons**

(a) A Restricted Person must take all reasonable steps to prevent an Associate, Related Person or Related Entity of the Restricted Person from Dealing in the Company's Securities during a Prohibited Period.

(b) A Restricted Person must take reasonable steps to advise any Associate, Related Person or Related Entity of the Restricted Person that:

(1) they are a Restricted Person of the Company; and

(2) of the Prohibited Periods during which the Associate, Related Person or Related Entity cannot Deal in the Company's Securities.

(c) A Restricted Person must immediately notify a Clearance Officer if he or she becomes aware of or suspects an Associate, Related Person or Related Entity of Dealing in the Company's Securities during a Prohibited Period.

H.10 **Disclosure of Dealings by Directors and substantial shareholders**

(a) The persons listed in clause H.10(b) must notify such of the ASX or any other party as required by, and in the manner required to comply with, the Corporations Act, the Equivalent Law, the Listing Rules or the Exchange Rules:

(1) that they hold a position within one of the categories under clause H.10(b) within five Business Days of commencing that position; and

(2) of any Dealings (whether in a Prohibited Period or otherwise) in the Company's Securities within five Business Days of such Dealing.

(b) The persons required to provide notifications under clause H.10(a) are:

(1) Directors;

(2) senior management; and

(3) any person or company that:

(A) beneficially owns, directly or indirectly, voting securities of the Company;

(B) exercised control or direction over voting securities of the Company; or

(C) beneficially owns, directly or indirectly, certain voting securities of the Company and exercises control or direction over certain other voting securities of the Company,

carrying more than 10% of the voting rights attached to all voting securities of the Company for the time being outstanding other than voting securities held by the person or Corporation as underwriter in the course of distribution.

(c) Notifications must also be given by a Director to the Company and ASX in accordance with ASX Listing Rule 3.19A.

(d) To the extent required to do so under the Listing Rules or Exchange Rules, the Company will disclose to the market when a Restricted Person has been given a Clearance to Deal during a Prohibited Period.

H.11 **Dealings in Securities of other companies**

(a) A Restricted Person who has Inside Information about another Third Party Listed Entity as a result of his or her position in the Company is prohibited from:

(1) Dealing in any Securities of that Third Party Listed Entity unless a clearance to Deal is obtained in accordance with Section H.4 of this Policy; or

(2) communicating the Inside Information.

Examples (without being exhaustive) of how Inside Information about a Third Party Listed Entity may be obtained are as follows:

(1) during the course of a proposed transaction;

(2) during the course of due diligence investigations;

(3) Board deliberations;

(4) negotiations; or

(5) information provided by others during the ordinary course of business.

H.12 **Penalties**

(a) There are penalties under the Corporations Act and Equivalent Law for a breach of Insider Trading provisions under the Corporations Act or Equivalent Law.

Corporations Act (Australia)

Currently the maximum penalties under the Corporations Act are:

(1) in the case of a natural person imprisonment of 10 years and/or a fine the higher of:

(A) 4,500 penalty units ($765,000 as at the date of adoption of this Policy); and

(B) if the Court can determine the total value of the benefits the person obtained, which are reasonably attributable to the commission of the offence - three times that total value;

(2) in the case of a body corporate, a fine the greatest of the following:

(A) 45,000 penalty units ($7.65 million as at the date of adoption of this Policy);

(B) if the Court can determine the total value of the benefits that have been obtained and are reasonably attributable to the commission of the offence - three times that total value; and

(C) if the Court cannot determine the total value of those benefits - 10% of the body corporate's annual turnover during the 12 month period ending at the end of the month in which the body corporate committed, or began committing, the offence; and

(3) unlimited civil penalties.

Securities Act (Alberta)

A person, including every director or officer of a person or company who authorises, permits, or acquiesces in the commission of an offense, or company that contravenes the *Securities Act* (Alberta) is guilty of an offense and liable to a fine of not more than $5,000,000 or imprisonment for a term of not more than five years less a day, or both.

In the case of offences relating to 'tipping' and insider trading, the fine imposed shall be an amount not less than the profit made or loss avoided by such person or company because of the contravention, and an amount not to exceed the greater of $5,000,000 or an amount equal to triple the amount of profit made or loss avoided.

Securities Act (British Columbia)

A person, including every director or officer of a person or company who authorises, permits, or acquiesces in the commission of an offense, or company that contravenes the *Securities Act* (British Columbia) is guilty of an offense and liable to a fine of not more than $3,000,000 or imprisonment for a term of not more than three years, or both.

In the case of offences relating to 'tipping' and insider trading, the fine imposed shall be an amount not less than the profit made or loss avoided by such person or company because of the contravention, and an amount not to exceed the greater of $3,000,000 or an amount equal to triple the amount of profit made or loss avoided.

Securities Act (Ontario)

A person, including every director or officer of a person or company who authorises, permits, or acquiesces in the commission of an offense, or company that contravenes the *Securities Act* (Ontario) is guilty of an offense and liable to a fine of not more than $5,000,000 or imprisonment for a term of not more than five years less a day, or both.

In the case of offences relating to 'tipping' and insider trading, the fine imposed shall be an amount not less than the profit made or loss avoided by such person or company because of the contravention, and an amount not to exceed the greater of $5,000,000 or an amount equal to triple the amount of profit made or loss avoided.

(b) A breach of this Policy will also be regarded as serious misconduct which may lead to disciplinary action, up to and including dismissal.

H.13 Policy on Margin Loan Arrangements

(a) A Restricted Person may enter into a margin loan or similar funding arrangement in respect of any Company Securities (**Funding Arrangements**) but must disclose the existence, nature and terms of the Funding Arrangements to a Clearance Officer who will notify the Board.

(b) The Company and its Board will disclose any Funding Arrangements which would require disclosure under Listing Rule 3.1 or the Exchange Rules.

(c) Without limiting sub-clause (b), where a Restricted Person's Funding Arrangement involves 5% or more of the Company's shares, the Board and Company Secretary will make appropriate disclosure to the market of any key terms of the Funding Arrangements.

H.14 Policy on Short-term trading

(a) A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short-term trading of Securities in the Company, being instances where trading in and out of Securities occurs within a period of less than three months.

H.15 Policy on Short Selling

(a) A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short selling of Securities in the Company.

H.16 Hedging Transactions

(a) A member of Management shall not enter into an arrangement if the arrangement would have the effect of limiting the exposure of the member to risk relating to an element of the member's remuneration that has not vested or has vested but remains subject to a holding lock. A member of Management and their closely related parties should not Deal in Securities in the Company which may infringe this prohibition nor should any other Restricted Person enter into

hedging transactions to limit their exposure in respect of any unvested entitlement to Securities they receive under any equity based remuneration scheme of the Company.

H.17 **What is Inside Information?**

(a) Inside Information is information that is not Generally Available and, if it were Generally Available, a reasonable person would expect it to have a Material Effect on either the price or the value of the Company's Securities.

H.18 **When is information Generally Available?**

(a) Information is Generally Available if:

(1) it consists of readily observable matter; or

(2) where the information has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in Securities, a reasonable period for it to be disseminated among such persons has elapsed (for example, it has been released to the ASX or the TSXV or published in an annual report or prospectus); or

(3) it may be deduced, inferred or concluded from the information referred to above.

H.19 **What is a Material Effect?**

(a) Material Effect, in relation to Inside Information, is where that information would, or would be likely to, influence persons who commonly acquire Securities in deciding whether or not to acquire or dispose of Securities of that nature.

(b) Examples of information, that may have a Material Effect on the price or value of Securities when it becomes Generally Available, include:

(1) revenue;

(2) profit forecasts;

(3) inventory levels;

(4) forecasts;

(5) items of major capital expenditure;

(6) borrowings;

(7) liquidity and cashflow information;

(8) management restructuring;

(9) changes in distribution arrangements;

(10) litigation;

(11) impending mergers and acquisitions, reconstructions or takeovers;

(12) major asset purchases or sales;

(13) exploration results;

(14) new product and technology;

(15) material changes to quantities or reserves and resources relating to the Company's properties; or

(16) changes in production levels, including ceasing to produce.

H.20 **What is Dealing in Securities?**

(a) Dealing in Securities means:

(1) applying for, acquiring or disposing of Securities; or

(2) entering into an agreement to apply for, acquire or dispose of Securities; or

(3) Procuring another person to:

(A) apply for, acquire or dispose of Securities; or

(B) enter into an agreement to apply for, acquire or dispose of Securities.

H.21 **Definitions**

(a) In this Section H:

(1) **Associate** has the same meaning as set out in the Corporations Act.

(2) **ASX** means the Australian Securities Exchange owned and operated by ASX Limited.

(3) **Blackout Period** means:

(A) for the calendar quarters ending 31 March, 30 June, 30 September and 31 December, the period starting 10 business days before the planned date for release of the relevant quarterly report and ending on the later of 24 hours or the business day after the release of that report to the ASX or the TSXV;

(B) the period commencing from the release of information to the ASX or the TSXV which a reasonable person would expect to have a Material Effect on either the price or the value of the Company's Securities and ending 24 hours after the release of such information to the ASX or the TSXV; and

(C) any other period determined by the Directors in their absolute discretion.

(4) **Board** means board of Directors.

(5) **Business Day** means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane.

(6) **Clearance Officer** means:

(A) the Company Secretary;

(B) the Chairperson;

(C) the Managing Director or Chief Executive Officer; or

(D) a Director designated by the Board for the purposes of clause H.4.

(7) **Constitution** means the constitution or articles of the Company as amended from time to time.

(8) **Corporations Ac**t means *Corporations Act 2001* (Cth) as amended from time to time.

(9) **Dealing** has the meaning set out in section H.20 of this Policy.

(10) **Director** means a director of the Company.

(11) **Employee** means an individual who works for the Company (or its subsidiary) under a contract of employment and includes senior management, management and contractors who provide managerial or administrative services to the Company.

(12) **Equivalent Law** means any law in operation in any jurisdiction (outside of Australia) under which Securities of the Company are issued or traded which contains provisions equivalent to the Corporations Act in relation to market misconduct or insider trading.

(13) **Exchange Rules** means the rules of the TSXV.

(14) **Generally Available** has the meaning set out in section H.18 of this Policy.

(15) **Information** includes:

(A) matters of supposition and other matters that are insufficiently definite to warrant being made to the public; and

(B) matters relating to the intentions, or likely intentions, of a person.

(16) **Inside Information** has the meaning set out in section H.14 of this Policy.

(17) **Listing Rules** means the Listing Rules of the ASX.

(18) **Management** means the executive Directors and senior management of the Company.

(19) **Material Effect** has the meaning set out in section H.19 of this Policy.

(20) **Procuring** means to incite, induce or encourage an act or omission by another person.

(21) **Prohibited Period** means:

(A) any Blackout Period; or

(B) any period where any matter exists which could constitute Inside Information in relation to the Company.

(22) **Restricted Person** means:

(A) any persons or entities discharging managerial responsibilities for the Company including, but not limited to:

(i) the Directors;

(ii) the Company Secretary;

(iii) Key Management Personnel;

(iv) any Employee, contractor or consultant who provides managerial or administrative services to the Company; or

(v) any Employee who, depending upon their individual circumstances, the Managing Director (or Chief Executive Officer) specifies from time to time to be a Restricted Person;

(B) other persons specified from time to time by the Managing Director (or Chief Executive Officer);

(C) any Related Person or Related Entity (or an Associate of a Related Person or Related Entity) of a person referred in paragraphs (A)(i) to (B) above; or

(D) any other person specified from time to time under any Equivalent Law.

(23) **Related Entity** of a Restricted Party means an entity which:

(A) the Restricted Person is a director or secretary of; or

(B) the Restricted Person otherwise controls or has a position of influence.

(24) **Related Person** of a Restricted Party means a parent, spouse or child of the Restricted Party.

(25) **Securities** means:

(A) shares;

(B) debentures;

(C) legal or equitable interests in a security covered by paragraph (A) or paragraph (B) above;

(D) options to acquire, by way of issue, a security covered by paragraph (A) or paragraph (B) above; and

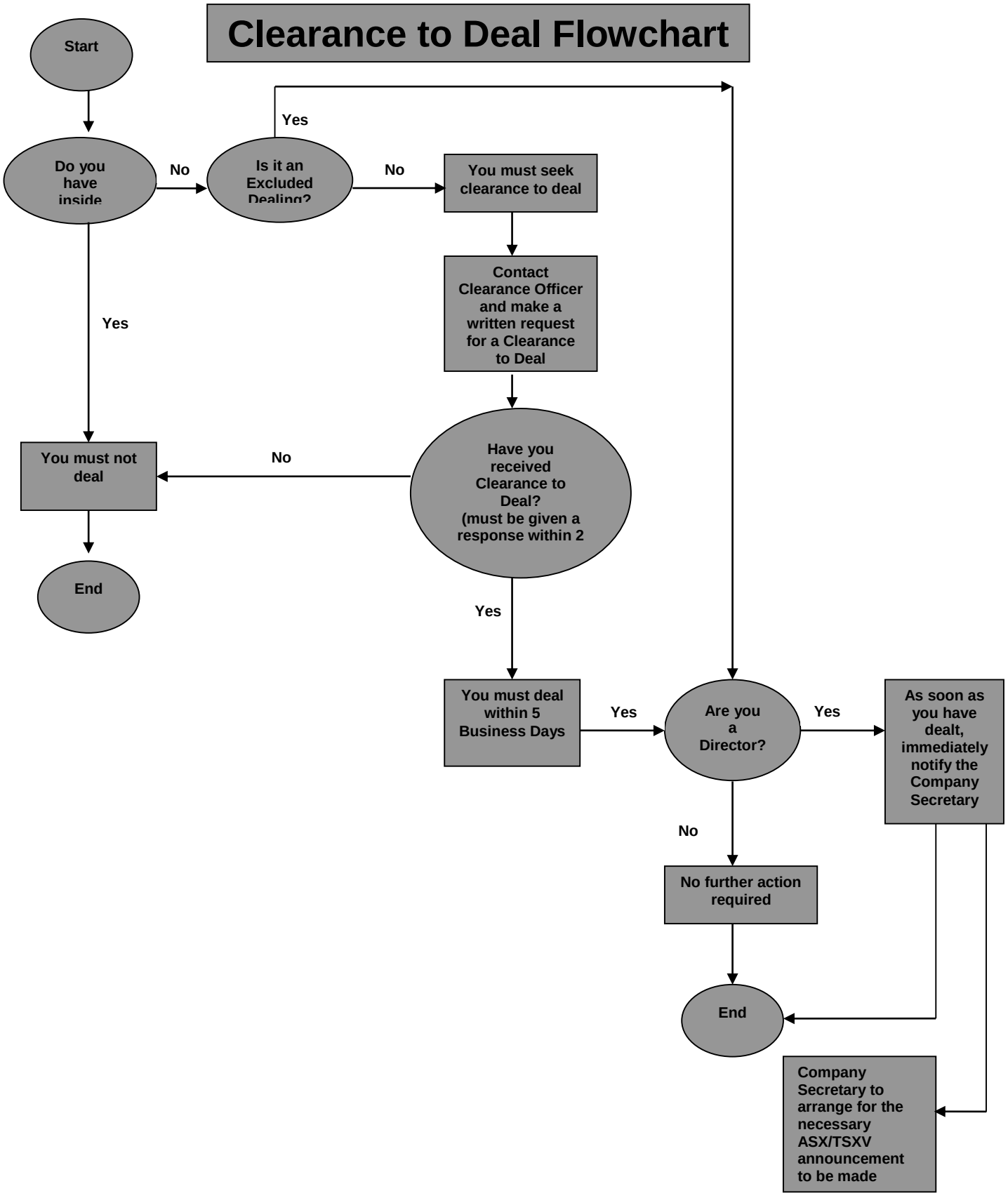
(E) rights (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:

(i) a security covered by paragraph (A) or paragraph (B) above; or

(ii) an interest or right covered by paragraph 764A(1)(b) or paragraph 764A(1)(ba) of the Corporations Act or any Equivalent Law.

(26) **Third Party Listed Entity** means any company, other than the Company, that is listed on the ASX, TSXV or other recognised exchange or otherwise has Securities which are traded in an open market.

(27) **TSXV** means the TSX Venture Exchange owned and operated by TMX Group.



Note: Additional disclosure may be required under the Listing Rules or Exchange Rules (for example if the Listing Rules or Exchange Rules require disclosure of all clearances) and the Corporations Act or any Equivalent Law (for example if the person is a substantial shareholder or if the person is a category of officer or employee required to give notice on commencement of their role).