CLINUVEL PHARMACEUTICALS LIMITED

ACN 089 644 119

CORPORATE GOVERNANCE PROTOCOL

February 2017

Adopted by the Board of Clinuvel Pharmaceuticals Limited
pursuant to a resolution of the Board dated 23 August 2000
(as amended - August 2001)

Reviewed in January 2005 and
Amended April 2005, November 2009
June 2013
February 2017 (section 3 only)

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INTRODUCTION

1. ADOPTION OF A CORPORATE GOVERNANCE CODE

On 23 August 2000, the board of directors ('**Board**') of Clinuvel Pharmaceuticals Limited ('**Company**') unanimously resolved to adopt the enclosed Corporate Governance Code ('**Code**').

This decision followed a thorough review of the Company's existing corporate governance practices and reflected a desire to formalise the practices adopted by the Company to that date.

The Code was reviewed in January 2005 and the Board formally approved changes to the Code on 1April 2005.

The Code was updated in November 2009 and June 2013 and February 2017 and the Board formally adopted the changes.

The Code provides a comprehensive report of the Company's corporate governance practices and procedures.

The Board is committed to ensuring that the corporate governance practices outlined in this Code are vigorously supported and, where appropriate, adopted by all employees, officers and agents of the Company.

The Board intends to have annual reviews of the Code to ensure that it continues to be appropriate for the Company.

2. OUTLINE OF THE CODE

- **Section 1 -** general corporate governance code.
- **Sections 2 –** share trading policy.
- **Section 3 -** a protocol on continuous disclosure.
- **Section 4 -** a code of ethics and conduct.

3. THE OBJECT OF A CORPORATE GOVERNANCE CODE

3.1 Outline

The adoption of the Code seeks to:

- enhance the Company's management and financial performance by establishing performance criteria;
- reduce the possibility of potential breaches of the law by the Company, its employees or officers by creating appropriate information and risk management systems to maximise the Company, its directors and officers conforming with their legal responsibilities;
- minimise the potential liability of directors of the Company in the event of such breaches; and
- assist the Board to regularly review corporate governance practices and ensure that the practices are suited to the Company.

3.2 **Improving the Company's Performance**

The Code seeks to increase the Company's performance by:

- clearly defining the role of Board and the role of management;
- encouraging the Board to set specific targets for the Company, monitoring achievements of those targets and addressing variances from those targets; and
- managing risk in a more systematic and thorough manner, thereby minimising the likelihood that the Company will incur losses that should have been avoided.

3.3 **Reduce Potential Breaches of the Law**

The Code seeks to minimise breaches of the law by:

- educating the relevant decision makers of their legal responsibilities;
- identifying potential breaches of the law and ensuring that practices within the Company encourage compliance with the law; and
- creating a corporate culture that will decrease the likelihood that the Company will be found guilty of a criminal offence .

3.4 **Minimise Liability for Directors**

The Code seeks to minimise directors' potential liability in the following manner:

- implementing systems to demonstrate that directors are appropriately fulfilling their duty of care and acting honestly, to rebut any allegation of negligence;
- making it easier for directors to understand and comply with their duties.

I. SECTION 1 - CORPORATE GOVERNANCE CODE

4. OBJECT

To create a process that encourages the directors and employees of the Company to:

- improve the Company's management and financial performance;
- appropriately manage risk within the Company; and
- conform to their legal requirements, including the corporate governance reporting provisions in Listing Rule 4.10.3.

5. OUTLINE OF THE CODE

The Code outlines the responsibilities of the Board and various aspects of its composition and conduct (see **Items 6 and 7**).

In order to improve the management and financial performance of the Company, the Board has established performance criteria and, if those criteria are not met, the Board will assess why they have not been achieved (see **Item 10**).

In order to encourage the officers, employees and agents of the Company to conform to their legal requirements and create the appropriate information and risk management systems, the Board has established:

- the following committees:
  - Audit & Risk Committee ;
  - Remuneration Committee ; and
  - Nomination Committee (see **Item 13**);
- a share trading policy (see **Item 15** and **Section 2**)
- a continuous disclosure protocol (see **Item 16** and **Section 3**);
- a process for the identification and management of risk (to be undertaken by the Audit & Risk Committee – **see Item 17**);
- a process for ensuring Directors are aware of the Company's ability to remain solvent (see **Item 18**); and
- a code of ethics and conduct (see **Item 19** and **Section 4**).

6. ROLE OF THE BOARD

6.1 Board

The Board is responsible for the overall governance of the Company and its strategic direction and policy framework. This includes the setting of goals, monitoring performance and ensuring the Company's internal control and reporting procedures are adequate, effective and ethical and that Company's strategic direction provides value for its shareholders.

This is an active, not a passive responsibility and the Board has the responsibility to ensure that in good times as well as difficult times, management is capably executing its

responsibilities. To this end, the Board's policy is that it must regularly monitor the effectiveness of management policies and decisions, including the execution of its strategies.

In addition to fulfilling its obligations to generate rewards for shareholders who invest their capital in the Company, the Board has responsibilities to the Company's customers, employees, suppliers and to the welfare of the communities in which the Company operates.

6.2 Delegation to management

As indicated above, the Board has retained responsibility for the strategic direction and control of the Company.

The Board has delegated responsibility for the operation and administration – ie, the 'day to day' operations of the Company to senior managers under the leadership of the CEO.

A key function of the Board of the Company is to monitor the performance of senior management in discharging their responsibilities. In conjunction with the Remuneration Committee, the CEO conducts a formal review each year to assess the performance of senior management and reports back to the Board.

The senior management of the Company are responsible for the day-to-day operations of the Company.

Members of the senior executive may, at the invitation of the Board, attend Board meetings on a regular basis even though they are not members of the Board.

7. BOARD COMPOSITION AND INDEPENDENCE

The Board has adopted a policy of ensuring there are sufficient members on the Board with appropriate industry and financial expertise. Appointments will generally only be made where appropriate to complement the existing skill base of the Board.

As a matter of principle, the Board recognises that best corporate governance practice requires a majority of the directors to be independent non-executive directors.

For this purpose, the Board has regard to the ASX Corporate Governance Guidelines definition of independence. It has adopted materiality thresholds modelled on the accounting standards' approach to materiality and accepted commercial practice, however each relationship is considered on a case by case basis and qualitative assessments will override any quantitative assessment on materiality..

According to this definition, the Board currently does not have a majority of independent non-executive directors on the Board. Instead of a majority of independent non-executive directors, the Board has an equal number of independent non-executive directors as it does non-independent directors. The Board attributes this fact to the nature of the Company's business, its size and status as a developing business. In particular, it considers it would be detrimental to shareholders' interests to construct a Board which satisfies this requirement, as this would require the Board to substantially increase its size which cannot otherwise be justified, or ignore the skill and expertise of directors with specific qualifications and technical experience who have made substantial contributions to the business.

Accordingly, it considers its current Board size and composition to be appropriate in the circumstances. In addition, it is expected that all directors will bring their independent views and judgment to the Board.

Best corporate governance practice requires the positions of Chair and CEO to be held by separate persons. The position of Chair of the Board is also to be filled by an independent director.

The Nomination Committee sets and reviews the criteria for appointment of new directors. In addition, the Board conducts a formal review of its performance. Both these mechanisms act as a regular check on the composition of the Board and the appropriateness of the skills and expertise of the Board members for the Company. The CEO does not participate in deliberations of the Board or a Board Committee when matters could affect his position.

8. TERM OF OFFICE

All directors (except the CEO):

- should be subject to re-election at the first annual general meeting after their appointment; and
- are required to submit themselves for re-election at regular intervals and at least every three years

The Board is required to set out to shareholders in the documents accompanying the resolution for re-election or appointment:

- why they believe an individual should be re-elected; and
- sufficient biographical details and other relevant information for shareholders to make an informed decision.

The Board has not established a limit upon tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and therefore, an increasing contribution to the Board as a whole. Instead, before a director is nominated for re-election at a shareholders' meeting, the Chair consults with the rest of the Board and reviews the director's performance before the Board endorses his or her re-nomination and is required to confirm this to shareholders at the time of re-election.

Directors who serve longer than 9 years will be subject to rigorous review by the Board.

9. CONFLICTS OF INTEREST

The *Corporations Act* imposes obligations on directors in relation to disclosure of interests. Specifically, the Act provides that:

- a director who has a material personal interest in any matter that relates to the affairs of the company is required to give the other directors notice of the interest, except in certain circumstances specified in the Act. These include where the director is a member of the company and the interest is an interest in common with other members of the company;

- directors may choose to give standing notice about an interest to each of the other directors; and
- a director who has a material personal interest in a matter that is being considered at a directors' meeting must not:

  (i) be present while the matter is being considered at the meeting; or

  (ii) vote on the matter.

As a matter of practice, the Board has developed the following protocol:

(a) directors must disclose all interests and other directorships;

(b) directors may choose to submit standing notices of interest to all Board members, or must disclose their interest in a matter being considered by the Board at that time;

(c) directors must warn of potential conflict with duty to another company and ensure any change in circumstances is advised;

(d) the Board will continually consider the application of the relevant provisions of the *Corporations Act* and, if the Chair determines that a director's interest in a matter is sufficiently material, or would result in a conflict of interest arising, the director:

  (i) cannot be present at the meeting when the matter is considered unless the other directors resolve that the director in question can stay; and

  (ii) cannot vote on the matter unless the other directors resolve that the director in question can vote; and

(e) directors must obtain the Board's consent before disclosing company information to another company or third party.

In accordance with the Listing Rules, each director is required to enter into an agreement with the company to provide details of his or her "relevant interest" in the company's securities on appointment, within 5 business days (or such lesser period as set out in the relevant agreement) of a change in the "relevant interest", and following retirement. Any change in a director's interest must be notified to the ASX within 5 business days by lodgement of Appendix 3Y.

Each director has a duty to avoid conflicts of interest, and, as noted above must notify the Board of any potential conflicts he or she may have, including any which may arise as a result of his or her duty to another company.

Each director has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as director. Disclosure of such information by the director should only be made after consultation with the Chair or the Board.

10. COMPANY PERFORMANCE

The Board acknowledges that its principal role is to strive for Company growth, high performance and increasing returns for shareholders, whilst taking appropriate account of risk.

Accordingly, the Board will:

- define the performance that the Company seeks, including:

- progress of clinical trials;
- expenditure controls;
- research and development program;
- goodwill, such as market share, employee relations and the reputation of the Company's technology, intellectual property and research;
- benchmark comparisons; and
- corporate best practice;

- regularly assess whether these criteria are being met and, if they are not being met, how the performance could be improved; and
- critically assess the various strategies of the Company.

11. BOARD PERFORMANCE

Every 12 to 18 months, the Board, through the Remuneration Committee, conducts a formal review of its performance.

The review includes:

(a) examination of the effectiveness and composition of the Board, including the required mix of skills, experience and other qualities which the non-executive directors should bring to the Board for it to function competently and efficiently;

(b) review of the Company's strategic direction and objectives;

(c) assessment of the CEO's performance by the non-executive directors;

(d) assessment of whether corporate governance practices are appropriate and reflect "good practice"; and

(e) assessment of whether the expectations of different stakeholders have been met.

As part of this process the Chair also:

(a) meets with the senior executive team to discuss with them their views of the Board's performance and level of involvement;

(b) discusses each individual director's contributions face-to-face as appropriate; and

(c) meets with the other non-executive directors without any management present (this is in addition to the consideration of the CEO's performance and remuneration which is conducted in the absence of the CEO).

Informal reviews of the Board's performance will be conducted as necessary. In addition, any director may suggest that the Board conduct a formal review earlier than the 12 to 18 month timeframe which generally applies.

12. MANAGEMENT AND CEO PERFORMANCE

An important function of the Board is to establish performance criteria for the CEO. The Board will formally conduct a performance review of the CEO at least annually,

and will be advised on these matters by the Remuneration Committee. The CEO does not participate in these deliberations.

13. BOARD COMMITTEES

Currently the Company has three Board Committees:

- the Audit & Risk Committee;
- the Remuneration Committee; and
- Nomination Committee.

Each Committee has a formal Committee Charter which has been approved by the Board and which outlines the role and function of each Committee.

The Board recognises that best corporate governance practice indicates there should be only non-executive directors on the committees and a majority of independent directors.

Currently, the Audit & Risk and the Remuneration Committees are comprised of two non-executive directors with the CEO as a third, non-voting member. The Nomination Committee is comprised of non-executive members only.

The members of each Committee annually review the role and function of each Committee and make appropriate amendments to the Committee Charter.

The Board may establish such other committees as it determines appropriate. Board policy is that the terms of reference for any Board committee are agreed by the Board at the time the committee is established.

The Audit & Risk Committee is currently chaired by an independent director. As a matter of principle, Committee members have access to the appropriate external and professional advice needed to assist the Committee in fulfilling its role.

14. BOARD OPERATIONAL STANDARDS AND POLICIES

The Company has a number of Board operational standards and policies including:

- ability for directors to obtain independent advice with the prior approval of the Chair;
- Continuous Disclosure Policy detailing the procedures for assessing whether information must be disclosed to the ASX under the Listing Rules and who is authorised to make announcements to the ASX;
- Share Trading Policy which outline the prohibition against insider trading and specifies the "windows" during which directors, executives and employees can deal in the Company's securities;
- policy for notification of holdings of Company securities by directors which details the requirements and obligations of directors to notify the ASX of their holdings of the Company's securities (as required by the ASX Listing Rules) as set out in the Share Trading Policy;
- Conflicts of Interests Policy which outlines the principles governing notification of outside interests and procedures for identifying and dealing with conflicts of interests (as outlined above); and

- Code of Ethics and Conduct which outlines the board principles of ethics to which the Company ascribes;
- maintenance of an appropriate level of D&O insurance cover for the Company's directors and other officers.

15. SHARE TRADING POLICY

The freedom of directors, employees and consultants of the Company to deal in Company securities is restricted by the *Corporations Act* and the ASX Listing Rules.

The purpose of the share trading policy is to explain the type of conduct in relation to dealings in securities that is prohibited under the *Corporations Act* and to establish a best practice procedure relating to buying and selling securities which ensures that directors, employees, consultants and persons associated with them (within the meaning of that term in the *Corporations Act*) do not place themselves under suspicion of abusing unpublished price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of results. Further details, including the full text of the share trading policy, are contained in **Section 2**.

16. CONTINUOUS DISCLOSURE PROTOCOL

Subject to any exceptions, the Listing Rules and *Corporations Act* require the Company to immediately disclose all information that would be expected to have a material effect on the price or value of the securities of the Company.

The Company has adopted a protocol to ensure timely compliance with the continuous disclosure regime. The Company has appointed a 'Disclosure Officer' to whom all price sensitive information must be disclosed. Further details, including the full text of the continuous disclosure protocol, are contained in **Section 3**.

17. IDENTIFICATION AND MANAGEMENT OF RISK

All companies need to undertake risk, however, there needs to be a process for:

- the identification of risk; and
- the management of risk.

This task is undertaken by the Audit and Risk Committee which reports regularly to the Board.

In accordance with the *Corporations Act*, the CEO and CFO are also required to give a declaration that the financial records of the Company have been maintained in accordance with the *Corporations Act*, and that the financial statements comply with the accounting standards and give a true and fair view.

18. INSOLVENT TRADING

18.1 Liability for Insolvent Trading

If the Company is insolvent while or after incurring a debt, the directors of the Company may be personally liable for that debt and may, in some circumstances, be criminally liable unless:

- the director was not aware and a reasonable person in the director's position would not have been aware of grounds for suspecting that the Company was insolvent; or
- the director had reasonable grounds to expect that the Company was solvent upon incurring the debt.

These reasonable grounds include a situation where the director reasonably believes that:

- a competent and reliable person was fulfilling his or her duties and providing adequate information to the director regarding the Company's solvency; and
- as a result of examining that information, the director expected the Company to remain solvent after incurring the debt.

Directors may also be able to obtain relief under section 1317S which allows a court to relieve a director from liability if:

- the director has acted honestly; and
- having regard to all the circumstances, the director ought fairly to be excused for the contravention.

18.2 **The Appropriate Practices for a Director**

The directors should ensure that reporting procedures and other processes are put in place to enable each of them to be fully aware of the ability of the Company to pay its debts as and when they fall due.

Each director should insist that the information provided by senior management is timely and in a format that is clear and helpful.

Directors should especially assess:

- cash flow projections and the variances from those projections;
- certain ratios such as the working capital ratio;
- whether costs are fixed or variable and thereby estimate the cash flow and 'burn rate';
- the profit and loss statement and the balance sheet; and
- whether potential liabilities have been adequately covered in the accounts.

Directors should also pay close attention to the following non-financial matters:

- reports from the internal or external auditors or the Audit & Risk Committee, which identify irregularities in the financial accounts;
- the reasonableness of assumptions contained in the Company's financial reports. In relation to those assumptions, the directors should assess various factors, including:
    - whether previous expenditure forecasts were met;
    - whether previous profits and losses were abnormal items and are not likely to be repeated;
    - whether the valuation of assets (including intellectual property) is based on their realisable value;

- whether forecasts take sufficient notice of changes in the economy and are similar to forecasts made by the Company's competitors; and
- whether there is sufficient allowance for the uncertainties of R & D programs.

- whether the Company's business risk management policies are being implemented;
- any risk identified by the business risk management approach;
- the status of external funding arrangements;
- whether information provided by senior management is:
  - untimely;
  - inaccurate; or
  - insufficient;
- whether the Company's performance criteria noted in Item 10 above is being met;
- non-compliance with the Company's strategic plan; and
- abnormal or unusual or statistically aberrant results.

19. CODE OF CONDUCT AND ETHICS

The Board believes that an ethical corporate culture is essential for the Company.

The code of conduct and ethics:

- has been developed by members of the Board in consultation with management and employees;
- commits officers and employees of the Company to high standards of conduct and compliance with the law; and
- will receive total commitment from the Board and senior management.

The code of conduct and ethics is contained in **Section 4**.

20. SHAREHOLDER COMMUNICATIONS POLICY

The Company aims to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Company.

To achieve this, among other things, the Company has implemented the following procedures:

- Shareholders can gain access to information about the Company, including media releases, key policies and the terms of reference of the Company's Board Committees, through the Company's website at **www.clinuvel.com**. The Annual Report and financial accounts are also available on the Company's website following the end of the Company's financial year. From time to time, the Company may send shareholders updates regarding the affairs of the Company via email or make such information available on the Company's website.

- All relevant announcements made to the market and any related information are posted on the Company's website as soon they have been released to the ASX.
- The Company encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Company's strategy and goals. The Company will also invite the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

II. SECTION 2 – SHARE TRADING POLICY

21. INTRODUCTION

Company directors and employees, like other individuals, are prohibited from insider dealing by the *Corporations Act*. It is a civil and criminal offence for an individual who is in possession of material price-sensitive information to deal in securities where that information is not generally available. It is also an offence to procure other persons to deal in the Company's securities and to disclose inside information with a view to others profiting from that information.

This share trading policy sets out the policy and procedures relating to the dealing by directors, employees and certain consultants employed by the Company in the securities (eg, shares, preference shares and options) of the Company. The policy and procedures have been developed having regard to Australian law and best corporate governance practice. The purpose of the policy is to provide the Company's directors with strict guidelines to be complied with in any proposed dealing in the Company's securities.

Dealing includes any subscription, redemption, purchase, sale, entering into any agreement to effect the same, exercise of an option or other right or entering into any other form of agreement to acquire or dispose of an interest in securities

22. SUMMARY OF THE AUSTRALIAN LAW

A director, employee or any other person must not engage in 'insider trading' – that is, they must not deal in any securities of the Company where:

(a) he/she is in possession of information which is not generally available; and

(b) that information may have a material effect on the price or value of the securities of the Company; and

(c) they know or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the price or value of the securities.

In addition, a director, employee or consultant with inside information must not procure another person to deal in the Company's securities nor communicate the information (directly or indirectly) to another person who the person believes may deal (or procure someone else to deal) in the Company's securities.

Procuring means enticing, encouraging, persuading, causing or securing another person to do something. It includes inciting, inducing or encouraging an act or omission.

Information is 'generally available' if:

(a) it consists of readily observable matter;

(a) it consists of readily observable matter;

(b) it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of that kind and a reasonable period for dissemination of that information has elapsed. For example, this means it has been released to the ASX, published in an Annual Report or prospectus or otherwise been made generally available to the investing public and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or

(c) it may be deduced, inferred or concluded from methods of dissemination such as the above.

Information is defined broadly for the purposes of the insider trading provisions of the *Corporations Act* and includes matters of supposition and other matters that are insufficiently definite to warrant being known to the public. It also includes matters relating to the intentions of a person.

Information is likely to have a material effect on either the price or value of the securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

Inside information means information which:

(a) relates to particular securities or to a particular issuer or to particular issuers of securities and not to securities generally or issuers of securities generally (and, for these purposes, information shall be treated as relating to an issuer of securities which is a company not only where it is about that Company but also where it may affect that Company's business prospects);

(b) is specific or precise;

(c) has not been made public; and

(d) if it were made public would be likely to have a significant effect on the price or value of those securities.

The prohibition directly affects directors, employees and consultants dealing in the Company's securities, either for personal gain or for the gain of any other person. However, a person does not need to be a director, employee or consultant of the Company to be guilty of insider trading in relation to the Company's securities. It also affects all companies of which they are directors, dealings by directors, employees and consultants through nominees, agents or other associates, such as family members, family trusts and family companies and any other person who is encouraged to deal in the Company's securities by the director, employee or consultant.

The prohibited conduct includes dealings in securities of the Company as well as of other companies with which the Company may be dealing where an employee possesses 'inside information' in relation to that other company. For example, where a director, employee or consultant is aware that the Company is about to sign a major agreement with another company, you should not buy shares in either the Company or the other company.

Penalties for breach of the prohibition are severe and include:

- in the case of a natural person:
  - (a) a criminal penalty up to $220,000 or imprisonment for 5 years or both; and
  - (b) a pecuniary penalty of $200,000 for civil liability; and
- in the case of a body corporate:
  - (a) a criminal penalty up to $1,100,000; and
  - (b) a pecuniary penalty of $1,000,000 for civil liability.

In addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the contravention.

The prohibition does not apply to subscriptions for shares by directors or employees made under an employee share scheme, shares issued under a dividend reinvestment plan or any new issues in which all shareholders are entitled to participate.

23. DEALINGS BY DIRECTORS, EMPLOYEES AND CONSULTANTS

It is the policy of the Company that no director, employee or consultant may deal in the Company's securities unless the procedures set out below have been strictly complied with.

23.1 Guidance on dealings

For the avoidance of doubt, the following constitute dealing for the purposes of this policy and are consequently subject to the provisions of this policy:

(a) buying or selling securities;

(b) subscribing for new shares;

(c) entry into an agreement to subscribe for, buy or sell, securities;

(d) the grant to, or acceptance by such person or entity of any option relating to such securities or of any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of such securities;

(e) arrangements which involve a sale of securities with the intention of repurchasing an equal number of such securities soon afterwards;

(f) dealings between directors and/or employees and/or certain consultants of the Company's;

(g) off-market dealings; and

(h) transfers for no consideration by a director.

The following dealings are not subject to the provisions of this policy:

(a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of securities in lieu of a cash dividend);

(b) the take up of entitlements under a rights issue or other offer (including an offer of securities in lieu of a cash dividend);

(c) allowing entitlements to lapse under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);

(d) the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under a rights issue;

(e) undertakings to accept, or the acceptance of, a takeover offer.

23.2 Directors, Employees and Consultants

All directors, employees and consultants must comply with the terms of this policy.

Any employees or consultants who are considering the purchase or sale of the Company's securities should advise the CEO of their intention if they are in any way

uncertain as to whether the timing of their intention to purchase or sell securities is appropriate.

23.3 **Notification of dealing**

During their term of engagement and for three months after termination, directors, employees and consultants must receive clearance for any proposed dealing in the Company's securities by:

(a) in the case of directors, employees and consultants of the Company, providing written notice to the CEO in advance so as to obtain such clearance, and

(b) in the case of the CEO, providing written notice to the Chair in advance so as to obtain such clearance.

Such notification must detail the number of shares or options to be traded and the timing.

On notification, the CEO or the Chair (as the case may be) must advise details of the proposed trading of the Company's securities to all other directors, in writing.

Notification must take place immediately after notice of the proposed trade is received from the director, employee or consultant. The notification procedure applies at all times, and is to be complied with for all parcels of securities proposed to be bought or sold or otherwise the subject of a dealing.

On notification, each board member is allowed five (5) business days to comment on the proposed trade and a majority of the board must approve the trade in writing. Subject to the provisions of this Share Dealing Code being complied with, such approval will not be unreasonably withheld. When a majority of the board has approved the trade and the five (5) business days has elapsed, the trade may proceed and must be completed within the next five (5) business days, providing the Company, its directors, employees or consultants are not in possession of price-sensitive information which would prohibit trading.

The Board may determine that directors, employees and consultants with total ownership of securities below a certain threshold is to be approved using a different procedure.

23.4 **Circumstances where clearance most appropriate**

As a matter of practice, the following periods are the most appropriate times for directors, employees and consultants to deal in securities of the Company:

(a) in the four weeks following the day after the release of the annual accounts;

(b) in the four weeks following the day after the release of the half-yearly accounts; and

(c) in the four weeks following the day after the annual general meeting (on the basis that any developments of a price sensitive nature since the release of the annual accounts will be announced by the Chair at the meeting),

except where the director, employee or consultant is in possession of price-sensitive information which has not been made generally available.

23.5 **Limitations and guidelines on dealing**

Directors, employees and consultants must recognise that they may have ownership of large blocks of stock that could unduly affect the market for the company's stock if they are not marketed in an orderly manner or in accordance with the requirements of the *Corporations Act*.

Accordingly, unless further Board approval is obtained, the following limitations apply:

(a) A director, employee or consultant may not sell securities exceeding one-third of the average daily trading volume for the last 180 days *directly* on the market in any one month. This limitation applies every month and may not be accumulated – ie, a quantity not sold one month may not be added to the next month. This limitation does not apply to any off-market transfers or transfers which occur via a "crossing" or similar such transaction.

(b) A director, employee or consultant may not sell securities where the sale would require a disclosure document to be issued pursuant to the provisions of the *Corporations Act.* (Where no disclosure document is required to be issued, directors, employees and consultants may, subject to the remainder of this clause 3.5, sell any amount of shares or options in private, off-market transactions to institutional or sophisticated investors);

(c) Directors, employees and consultants must not "shop" an excessive number of brokers and/or potential buyers or sellers so that the sale becomes widely known. They must proceed in a discrete manner when buying or selling securities and be mindful of the effect of their actions on the market and the perceptions of investors.

Failure to observe these Guidelines for trading shares is a serious matter and will result in disciplinary action by the board.

23.6 **No dealing in prohibited period**

Subject to Item 23.12, a director, employee or consultant must not deal in any securities of the Company during a prohibited period. A 'prohibited period' means:

(a) any 'close period' (see Item 23.7 below);

(b) any period when there exists any matter which constitutes inside information in relation to the Company's securities (whether or not the director, employee or consultant has knowledge of such matter); or

(c) any period when any director, employee or consultant has reason to believe that the proposed dealing is in breach of this policy.

23.7 **Close periods**

For the purpose of this policy, and in particular Item 23.6(a), a 'close period' is:

(a) the period of two months immediately preceding the preliminary announcement of the Company's annual results or, if shorter, the period from the end of the relevant financial year to and including the time of the announcement; and

(b) if the Company reports on a half-yearly basis, the period of two months immediately preceding the announcement of the half-yearly results or, if shorter, the period from the end of the relevant financial period to and including the time of the announcement; and

(c) except as provided in paragraphs (a) and (b) for the half year and end of financial year respectively, if the Company also reports on a quarterly basis, the period of one month immediately preceding the announcement of the quarterly results or, if shorter, the period from the end of the relevant financial period to and including the time of the announcement.

23.8 **Short term dealing**

A director, employee or consultant must not deal in any securities of the Company on considerations of a short term nature. That is, directors, employees and consultants may not buy and sell securities within a 3 month period without permission from the CEO. In addition, directors, employees and consultants may not enter into any short term dealings (eg, forward contracts) without permission from the CEO.

23.9 **'Insider trading'**

A director, employee or consultant must not deal in any securities of the Company at any time when he/she is in possession of inside information in relation to the Company or those securities (as defined under Australian law).

23.10 **Exercise of employee rights or options**

On written application by a director, employee or consultant, the Chair or CEO may allow the exercise of an option or right under an employee share scheme, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during any prohibited period and the director, employee or consultant could not reasonably have been expected to exercise it at an earlier time when he/she was free to deal.

Where an exercise or conversion is permitted pursuant to Item 23.10 of this policy, the Chair or CEO may not give clearance for the sale of securities acquired pursuant to such exercise or conversion during the prohibited period.

23.11 **Dealing in exceptional circumstances**

In exceptional circumstances a director, employee or consultant may sell (but not purchase) securities when he/she would otherwise be prohibited from doing so only because the proposed sale would fall within a close period. However, trading must not take place if the CEO or other director is aware of any other reason why the director, employee or consultant would be prohibited from dealing by this policy. An example of the type of circumstance which may be considered exceptional for these purposes would be severe personal hardship or a pressing financial commitment on the part of the director, employee or consultant that cannot otherwise be satisfied. The determination of whether circumstances are exceptional for this purpose must be made by a majority decision of the board.

23.12 **Director acting as trustee**

Where a director is a sole trustee (other than a bare trustee), the provisions of this policy will apply as if he/she were dealing on his/her own account. Where a director is a co-trustee (other than a bare trustee), he/she must advise his/her co-trustees that he/she is a director of the Company. If he/she is not a beneficiary, a dealing in the Company's securities undertaken by that trust will not be regarded as a dealing by the director for the purposes of this policy where the decision to deal is taken by the other trustees acting independently of the director or by investment managers on behalf of the trustees. The other trustees will be assumed to have acted independently of the director for this purpose where they:

(d) have taken the decision to deal by a majority without consultation with, or other involvement of, the director concerned; or

(e) if they have delegated the decision making to a committee of which the director is not a member.

23.13 **Dealings by connected persons and investment managers**

A director must (so far as is consistent with his/her duties of confidentiality to the Company) seek to prohibit (by taking the steps set out in Item 23.14 of this policy) any dealing in securities of the Company during a close period or at a time when the director is in possession of unpublished price sensitive information in relation to those securities and would be prohibited from dealing under Items 23.9 or 23.6(b) of this policy:

(f) by or on behalf of any person related to him or her (within the meaning of the term 'related entity' in the *Corporations Act*), which includes the director's spouse, de facto, family members, associated trusts, companies or other third parties contemplating the acquisition or sale of securities on the director's behalf (and also includes any company over which such persons or entities have 20% of its equity or voting rights); or

(g) by an investment manager on his/her behalf or on behalf of any person associated with him/her where either he/she or any person connected with him/her has funds under management with that investment manager, whether or not discretionary (save as provided in Item 23.12 of this policy).

23.14 **Director's duty to notify connected persons**

For the purposes of Item 23.13 of this policy, a director must advise all such connected persons and investment managers:

(h) that he/she is a director of the Company;

(i) of the close periods during which they cannot deal in the Company's securities;

(j) of any other periods when the director knows he/she is not free to deal in securities of the Company under the provisions of this policy unless his/her duty of confidentiality to the Company prohibits him from disclosing such periods; and

(k) that they must advise him/her immediately after they have dealt in securities of the Company (save as provided in Item 23.12 of this policy).

23.15 **Clearance records**

A written record must be maintained by the Company of the receipt of any advice or notification received from a director, employee or consultant pursuant to Item 23.3 of this policy. If requested by the director, employee or consultant concerned, written confirmation from the Company that such advice has been recorded must be given to the director, employee or consultant concerned.

23.16 **List of dealings**

A list of dealings in the securities of the Company since the date of the last Board meeting should be circulated to members of the board with the board papers for each board meeting where such dealings are:

(l) by or on behalf of a director, employee or consultant;

(m) by connected persons of a director, employee or consultant; or

(n) by investment managers on behalf of either a director, employee or consultant or an associate of a director, employee or consultant (unless Item 23.12 of this policy applies).

23.17 **ASX notification**

The *Corporations Act* obliges any director dealing in the Company's securities to notify the ASX within 14 days after that dealing. ASX Listing Rule 3.19A obliges the Company to make the same notification within 5 business days. Accordingly, to enable the Company to fulfil its obligations, each director must advise the CEO and the Company Secretary of any dealing in the Company's securities within 2 business days after that dealing. The advice must detail the date, number and class of securities acquired or sold, whether the director's interest in the security is direct or indirect (and the nature of the indirect interest if relevant), the remaining securities held by the director, value/consideration and the nature of change (eg, on-market trade, off-market trade, exercise of options, etc).

The Company Secretary will lodge, or cause to be lodged, the necessary notification with the ASX.

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III. SECTION 3 - CONTINUOUS DISCLOSURE PROTOCOL

24. OBJECT

To ensure that the Company complies with its continuous disclosure obligations under the ASX Listing Rules.

25. INTRODUCTION

This policy sets out the Company's procedure for:

- identifying material price sensitive information;
- reporting such information to the Disclosure Officer for review;
- ensuring the Company achieves best practice in complying with its continuous disclosure obligations under the *Corporations Act* and ASX Listing Rules; and
- ensuring the Company and individual officers do not contravene the *Corporations Act* or ASX Listing Rules.

The insider trading provisions of the *Corporations Act* may apply to an action being contemplated by the Company. In these circumstances, a higher level of disclosure may be required**.**

26. METHOD

The Board has appointed the CEO as the disclosure officer ('**Disclosure Officer**') to be in charge of ensuring that the Company satisfies the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act.* All directors/employees must immediately tell the Disclosure Officer if they obtain material information – that is, information that should be considered for release to the market. They must also report to the Board matters that may become material.

The rest of this plan is divided into the following parts:

- what must be disclosed (see Item 27);
- the responsibilities of:
    - the Board (see Item 28);
    - the Disclosure Officer and the Company Secretary (see Item 29); and
    - Key Executives (see Item 30);
- an outline of Listing Rule 3.1 and examples of the operation of Listing Rule 3.1 (Annexure).

27. WHAT MUST BE DISCLOSED

The continuous disclosure requirements relate to complying with those rules of the ASX Listing Rules requiring notification of matters 'as they arise'. Listing Rule 3.1 requires the Company to immediately notify the ASX of any information concerning the Company of which the Company becomes aware, which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

27.1 **Material effect on the price of securities**

If information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, securities of the Company, it is material and must be disclosed. However, under the legal definition, information could be material in other ways - if there is any doubt, the information should be immediately disclosed to the Disclosure Officer.

The type of information which is covered is not limited to, but could include:

- change in revenue or profit or loss forecasts;
- change in asset values or the amount of liabilities;
- change in the attitude of significant investors to investment in securities of the Company;
- adverse events that have particular relevance to the businesses of the Company or its suppliers;
- decisions of regulatory authorities in relation to the businesses of the Company;
- the employment, health or capacity of the directors or senior managers of the Company; and
- material information affecting significant events or personnel of the Company.

27.2 **Information in the Company's knowledge**

The Company becomes 'aware of information' if any of its directors or executive officers has, or ought reasonably to have, come into possession of the information in the course of the performance of his or her duties as a director or executive officer of the Company.

The disclosure obligation does not apply where the information is 'generally available'. Information is considered to be generally available if:

(a) it consists of a readily observable matter; or

(b) it 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 any of the classes of securities issued by the Company and a reasonable period for it to be disseminated among such persons has elapsed; or

(c) it consists of deductions, conclusions or inferences made or drawn from other information that is generally available.

27.3 **Exceptions to ASX disclosure obligations**

The disclosure required by Listing Rule 3.1 is subject to a number of exceptions, set out in the Annexure. To fall within an exception, information must :

(a) satisfy one of the specific conditions set out in the Listing Rule.; ***and***

(b) be confidential; ***and***

(c) be such that a reasonable person would not expect disclosure of that information

As soon as one of these elements is no longer satisfied (eg, the information is reported in the media and is therefore no longer confidential), the Company must immediately comply with its continuous disclosure obligations.

27.4 **False markets**

If ASX considers that there is likely to be a false market in the Company's securities and asks the Company to give it information to correct or prevent a false market, then the Company must give ASX the information needed to correct or prevent the false market (ASX Listing Rule 3.1B). The Company is also required to make a clarifying statement to the ASX in circumstances where the Company becomes aware that speculation or comment is, or is likely to, create a false market in the Company's securities.

The obligation to give information under this rule applies, even where an exception described above in part 4.3 applies.

The ASX does not expect the Company to respond to all media comment and speculation. However, when:

(a) media comment or speculation becomes reasonably specific; or

(b) there is evidence that, or ASX forms the view that, the rumour or comment is likely to have an impact on the price of the Company's securities, for example, the market moves in a way that appears to be referrable to the comment or speculation,

The Company has a positive obligation to make disclosure to prevent a false market being formed.

28. RESPONSIBILITIES OF THE BOARD

As the Board has overall responsibility for supervision of the Company it must ensure that the Company meets its disclosure obligations.

The Board's responsibilities are to:

- adopt a plan to ensure compliance with the disclosure obligations of the Company (such as this protocol);
- put in place a system for monitoring compliance with the protocol and those disclosure obligations.

This may include setting up a review procedure of management reports to ensure compliance. This review procedure may require periodic monitoring by external auditors, at least in the initial stages.

The Board should also check that matters that it knows were price sensitive were noted in company records, including ASX announcement listings and Board meeting papers..

29. RESPONSIBILITIES OF THE DISCLOSURE OFFICER AND COMPANY SECRETARY

The Board has appointed the CEO as Disclosure Officer for the purposes of this protocol. The Company Secretary will support the Disclosure Officer in meeting his/her responsibilities.

The role of the Disclosure Officer is to:

- ensure the system for disclosure of all material information to the ASX in a timely fashion is operating satisfactorily;
- review the material information reported by senior management;

- decide what information must be disclosed to the ASX in consultation with the Chair or other members of the executive ('**Key Executives**');
- authorise and approve the Company's response to price query letters and aware letters received from the ASX;
- oversee all disclosure dialogue between the Company and the ASX;
- co-ordinate the actual form of disclosure with the Board and relevant members of management;
- review the regular management reports from Key Executives to determine whether matters which have been noted as potentially material:
  - should be disclosed to the ASX; or
  - have been resolved in a manner which does not require disclosure;

The role of the Company Secretary is to:

- conduct all disclosure dialogue between the Company and the ASX;
- maintain company records consisting of material that has been disclosed to the ASX and material that has not been disclosed to the ASX together with the reasons for non-disclosure;
- keep a record of all ASX and other releases that have been made;
- periodically review the Company's disclosure procedures in light of changes to the Listing Rules or *Corporations Act* and recommending any necessary changes to the procedure to the Disclosure Officer and the Board; submit as part of the Board meeting papers setting out:
  - matters reported to or considered by the Disclosure Officer;
  - matters not disclosed to the ASX and the reason for non-disclosure; and
  - any significant matters revealed by the Disclosure Officer's review of regular management reports; and
- any material changes to the Company's continuous disclosure protocols.

The Disclosure Officer will receive information from the Key Executives that is or might be material. The Disclosure Officer must immediately decide whether that information must be disclosed to the ASX.

(a) If the Disclosure Officer believes the information may be material and disclosable:

The Disclosure Officer must discuss the matter with the Chair of the Board ('**Disclosure Manager**') (and if appropriate, other Key Executives or members of the Board) and, if it is determined that the material must be disclosed, with assistance from Key Executives including the Company Secretary, the Disclosure Officer must prepare and send an announcement to the ASX disclosing the material information. A copy of the announcement must be listed with all ASX announcements in the company records.

(b) If the Disclosure Officer is of the opinion that the information is not material or does not have to be disclosed because it is covered by the exceptions to disclosure:

The Disclosure Officer must make careful notes as to the information that has been brought to his or her attention and the reasons why the information is not material or does not have to be disclosed. Those notes must be placed on file.

If the Disclosure Officer is of the opinion that the information does not have to be disclosed because it is covered by the exceptions to disclosure, the Disclosure Officer must monitor circumstances to determine whether the exceptions continue to apply. Where the exceptions cease to apply and the information remains material, the Disclosure Officer must undertake the actions outlined in paragraph (a) above.

30. RESPONSIBILITIES OF KEY EXECUTIVES

Key Executive must:

- immediately disclose to the Disclosure Officer information which comes to their attention and is:

  (a) not generally available (ie, the information has not been included in any Annual Report, ASX release or other publication of the company; and

  (b) which may be 'price sensitive' (ie, is likely to have a financial or reputational impact on the Company that may be considered material (**material information**),

- set out in their regular reports to the Board particulars of the information which may**,** in time, become material and need to be disclosed.

The following information should be provided:

- a general description of the matter;
- details of the parties involved;
- the relevant date of the event or transaction;
- the status of the matter (eg final/negotiations still in progress/preliminary negotiations only);
- the estimated value of the transaction;
- the estimated effect on the Company's finances or operations; and
- the names of any in-house or external advisers involved in the matter.

If a Key Executive finds out information which he or she believes to be material he or she must immediately notify that information to the Disclosure Officer. Even where the Key Executive believes the information falls within an exception to disclosure, the Key Executive must notify the Disclosure Officer of the information and specify why the Key Executive believes that the information does not have to be disclosed.

The Key Executive's primary role is to notify the Disclosure Officer of material information. The decision as to whether that information is material or falls within an exception is primarily the role of the Disclosure Officer.

In addition to immediate notification, Key Executives should include in their Board meeting papers a summary of:

- matters within their responsibility which may give rise to material information in the future; and

- in relation to matters raised in earlier management reports, either:
    - a statement that information has been disclosed to the ASX;
    - a summary of the reasons why the matters are no longer likely to give rise to material information; or
    - a statement that the Key Executive is still monitoring the matter.

Disclosure is intended to become part of a Key Executive's ordinary regular reporting. In order to comply with this protocol, Key Executives will need to implement appropriate reporting processes for their subordinates.

Any questions about continuous disclosure or this protocol, should be referred to the Disclosure Officer.

31. SPECIFIC DISCLOSURE ISSUES

31.1 Contracts and Tenders

Under Listing Rule 3.1, a company is not obliged to disclose 'an incomplete proposal or negotiation'. This applies while the proposal or negotiation remains confidential. If, however, details of the proposal or negotiation have become known within the Company's industry or are no longer confidential, an announcement must be made to the ASX.

The announcement should state that the contract or proposal is not final and briefly describe any conditions which apply. These could include finalisation of legal documentation or approval by a government body. The announcement need not contain all details of the proposal or negotiation.

31.2 Performance against forecasts

The Company must file annual and half yearly accounts and quarterly cashflow statements with ASX within certain defined times.

Prior to lodging these documents with ASX, the Company may make comment or release updating information and details regarding its financial performance if that performance is likely to vary by 10% or more from any prior announcement made by the Company.

31.3 Analyst/media briefings

Information provided to, and discussions with, analysts are also subject to the continuous disclosure policy.

Material information must not be selectively disclosed (ie to analysts, the media or customers) prior to being announced to the ASX. If you are proposing to present any material information to analysts, journalists or customers, you should ensure that copies of your material are provided to the CEO (as the Disclosure Officer) prior to presenting that information externally.

All inquiries from analysts must be referred to the CEO. All material to be presented at an analyst briefing must be approved by or referred through the CEO prior to briefing.

All inquiries from the media must be referred to the CEO. All media releases must be approved by or referred through the Company prior to release to journalists.

All media releases and material to be presented (for example at seminars) must be approved by or referred through the CEO (who must act in accordance with the

protocols set out in **Items 29(a) and (b)** above) prior to release to journalists or other professional bodies.

31.4 **Interview/briefing black-out period**

No employee may give an interview or make a presentation without the specific permission of the CEO.

The CEO will not give interviews or make a presentation in the 2 months leading up to the annual results announcement or in the 1 month before the publication of any other results or outlook unless it is deemed essential by the CEO.

Any person who is given permission by the CEO to give an interview or make a presentation must notify the CEO of the date and time for the interview and must give a copy of any presentation to the CEO .

Additional periods in which interviews may not be given or in which presentations may not be made without the specific permission of the CEO may be imposed. Relevant persons will be notified of any such additional interview/briefing black-out period.

32. ASX - CONTRAVENTION AND PENALTIES

32.1 **Contravention**

The Company contravenes its continuous disclosure obligations if it fails to notify the ASX of the information required by Listing Rule 3.1. If the Company contravenes this obligation intentionally, recklessly or negligently it, and its officers, may be guilty of an offence under section 674 and 678 of the *Corporations Act*. The contravention of this obligation is a strict liability offence.

32.2 **Liability and enforcement – penalties for breach**

(a) Company

If the Company contravenes its continuous disclosure obligations, it may face:

- pecuniary penalty of up to $110,000 pursuant to an infringement notice issued by ASIC;
- civil penalty of up to $1 million;
- criminal liability with a fine of up to $110,000;
- civil liability for any loss or damage suffered by any person as a result of the Company's failure to disclose relevant information to the ASX

There is a no fault element required to establish civil liability. However, a court has power to relieve a person from civil liability if the person acted honestly and in the circumstances the person ought fairly to be excused for the contravention. ASIC can also institute proceedings under the *ASIC Act 1989*.

(b) Others

The Company's officers (including its directors), employees or advisers who are involved in the contravention by the Company, may also face criminal penalties (a fine of up to $22,000 and/or 5 years imprisonment), civil penalties of up to $200,000 and civil liability as outlined above.

It is a defence to a civil penalty if the officer can prove they took all steps that were reasonable in the circumstances to ensure the Company complied with its continuous disclosure obligations, and after doing so, believed on reasonable

grounds that the Company was complying with its obligations under that section.

32.3 **Enforcement**

The court also has power under the *Corporations Act* to order compliance with the Listing Rules on the application of the ASX, the ASIC or an aggrieved person (for example, a shareholder (section 793C(2), *Corporations Act*).

32.4 **Unwanted publicity**

Contravention of its continuous disclosure obligations may also lead to unwanted publicity for the Company and may cause damage to its reputation in the market place which may adversely impact upon the market value of its securities.

33. ASIC INFRINGEMENT NOTICES

33.1 **Overview of statutory provisions**

If ASIC has reasonable grounds to believe that the Company has failed to comply with its continuous disclosure obligations, it may issue an infringement notice to the Company, providing details of the alleged contravention and requiring the Company to pay a penalty, as set out in the notice.

However, prior to issuing the notice, ASIC must issue the Company with a written statement of reasons, and give the Company an opportunity to appear at a private hearing before ASIC, give evidence and make submissions to ASIC in relation to the alleged contravention.

33.2 **Statement of reasons**

If the Company receives a written statement of reasons from ASIC (under section 1317DAD of the *Corporations Act*), the Company Secretary must:

(1) advise the CEO and the Chair;

(2) consider the statement, in consultation with the CEO, the Chair and other members of senior management as appropriate; and

(3) arrange for an appropriate officer to appear at a private hearing before ASIC, to give evidence and make submissions to ASIC in relation to the alleged contravention.

33.3 **Infringement notice**

If the Company receives an infringement notice under section 1317DAC of the *Corporations Act*, the Company Secretary must liaise with the CEO, the Chair and other members of senior management in relation to whether the Company should:

(a) pay the penalty specified in the infringement notice[1] and lodge the requisite notification with ASX within the compliance period;

(b) request that ASIC extends the compliance period for the infringement notice, providing reasons to ASIC's satisfaction[2]; or

[1] This amount will be $100,000 for a "Tier 1 entity" (a disclosing entity with a market capitalisation exceeding $1,000 million on the relevant day). The effect of complying with the infringement notice is not to be regarded as the Company contravening its continuous disclosure obligations or having been convicted of an offence constituted by the conduct constituting the alleged contravention. However, no proceedings may be started or continued against the Company in relation to the alleged contravention.

(c) make written representations to ASIC seeking withdrawal of the infringement notice (and, if appropriate, seeking refund of any penalty paid pursuant to the infringement notice).

[2] Under section 1317DAH, ASIC may extend the initial 28 day period by a further period of not more than 28 days. ASIC may only give one extension.

ANNEXURE - PRINCIPAL CONTINUOUS DISCLOSURE PROVISIONS

1. ASX Listing Rules

General Rule

Listing Rule 3.1 provides:

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.

Introduced 01/07/96 Origin: Listing Rule 3A(1) Amended 01/07/00, 01/01/03, 01/05/13

Note: Section 677 of the Corporations Act defines material effect on price or value. As at 1 May 2013 it said for the purpose of sections 674 and 675 a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, the first mentioned securities.

"Information" may include information necessary to prevent or correct a false market, see Listing Rule 3.1B. It may also include matters of supposition and other matters that are insufficiently definite to warrant disclosure to the market, and matters relating to the intentions, or likely intentions, of a person (see Listing Rule 19.12).

A confidentiality agreement cannot prevent an entity from complying with its obligations under the Listing Rules and, in particular, its obligation to give ASX information for release to the market where required by the Listing Rules.

Examples: The following are non-exhaustive examples of the type of information that, depending on the circumstances, could require disclosure by an entity under this rule:

- • a transaction that will lead to a significant change in the nature or scale of the entity's activities (see also Listing Rule 11.1 and Guidance Note 12 Significant Changes to Activities);
- • a material mineral or hydro-carbon discovery;
- • a material acquisition or disposal;
- • the granting or withdrawal of a material licence;
- • the entry into, variation or termination of a material agreement;
- • becoming a plaintiff or defendant in a material law suit;
- • the fact that the entity's earnings will be materially different from market expectations;
- • the appointment of a liquidator, administrator or receiver;
- • the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- • under subscriptions or over subscriptions to an issue of securities (a proposed issue of securities is separately notifiable to ASX under listing rule 3.10.3);
- • giving or receiving a notice of intention to make a takeover; and
- • any rating applied by a rating agency to an entity or its securities and any change to such a rating.

Cross-reference: Listing Rules 3.1A, 3.1B, 5.18, 15.7, 18.7A, 19.2, Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1-3.1B.*

Exception to rule 3.1

3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

- It would be a breach of a law to disclose the information;
- The information concerns an incomplete proposal or negotiation;
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- The information is generated for the internal management purposes of the entity; or
- The information is a trade secret; ***and***

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; ***and***

3.1A.3 A reasonable person would not expect the information to be disclosed.

Introduced 01/01/03 Amended 01/05/13

Cross-reference: Listing Rules 3.1, 3.1B, 18.8A; Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1-3.1B.*

False market

3.1B If ASX consider 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 give ASX the information.

Introduced 1/1/2003.

Note: The obligation to give information under this rule even if the exception under rule 3.1A applies.

Cross-reference: Listing rules 3.1, 3.1A, 18.7A; Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1-3.1B.

2. ASX Guidance Note

ASX has provided examples illustrating the operation of Listing Rule 3.1 in a Guidance Note. Relevant examples provided by ASX are:

Example A

Listed entity A wishes to acquire a material business. It contacts the owner of the business, B, with a view to commencing confidential discussions.

Disclosure would not normally be required. The information clearly concerns an incomplete proposal or negotiation and is insufficiently definite to warrant disclosure.

2. A submits a confidential non-binding indicative offer to B to purchase the business for a nominated price, which is subject to a number of conditions, including the satisfactory completion of due diligence and the negotiation and signing of legally binding documentation.

Disclosure would not normally be required. The information clearly concerns an incomplete proposal or negotiation. Even though the offer includes an indicative price,

it is also insufficiently definite to warrant disclosure, since the parties have yet to agree the terms of the transaction

.

3. A and B sign a confidentiality agreement with a view to A commencing due diligence.

   Disclosure would not normally be required. The matter is still incomplete and insufficiently definite to warrant disclosure.

4. A completes its due diligence and indicates to B that it is prepared to purchase the business at the original price stated in its confidential non-binding indicative offer, subject to the negotiation and signing of legally binding documentation with suitable warranties and indemnities. A and B agree to commence negotiations on the legal documentation required for the transaction.

   Disclosure would not normally be required. The matter is still incomplete and insufficiently definite to warrant disclosure.

5. After a month of negotiations, A and B are close to reaching agreement, but have yet to resolve one outstanding issue. It is expected that this could take another day or two to resolve. That morning, as the market opens, there is a very material spike in both the market price and traded volumes of A's securities. A price alert is triggered in ASX's surveillance system and ASX contacts A to discuss whether it is aware of any information concerning it which has not been announced to the market and which, if known, could explain the abnormal trading in its securities. A tells ASX that it is in the final stages of negotiating a material business acquisition. A is not able to point to any other circumstance or event that could explain the abnormal trading in its securities.

   ASX advises A that in its opinion the matter is no longer confidential and therefore an announcement must be made immediately under Listing Rule 3.1. ASX also advises A that in view of the abnormal trading in its securities, unless it can release an announcement straight away, it ought to request a trading halt to stop the market trading on an uninformed basis.

   Disclosure would be required. While the transaction is still incomplete, in light of the abnormal trading in A's securities, ASX has to infer that information about the transaction is no longer confidential and/or that there is now potentially a false market in A's securities.

   In this scenario, ASX will invariably suggest to a listed entity that if it cannot release an announcement to the market straight away, it ought to request a trading halt to quell the uninformed trading in its securities. If the entity does not agree to do so, ASX will generally be left with little choice but to impose a suspension to prevent the market trading on an uninformed basis.

6. A indicates to ASX that it is agreeable to requesting a trading halt. A and ASX discuss the scope and timing of the announcement that will bring an end to the trading halt. A indicates that since it is very close to concluding the transaction negotiations, rather than put out an announcement now advising the market about the current state of the negotiations with B, it would prefer for the announcement to be delayed to allow the negotiations to be completed, so that a more definitive and informative announcement can be made to the market. A formally requests a trading halt, indicating in its request simply that it is in negotiations about a material acquisition and that it expects to be able

to make a further announcement about the transaction shortly. The trading halt is duly granted by ASX.

Alternative A: The negotiations between A and B are successfully concluded within the next two trading days247 and the parties sign an agreement for A to buy the business from B. The agreement contains a boilerplate clause requiring its terms to be kept confidential.

A would be expected to disclose the key commercial terms of the acquisition and the material terms of the agreement immediately after it is signed. The confidentiality clause in the agreement does not override or displace A's disclosure obligations under the Listing Rules.
A's announcement should include sufficient information about the agreement for investors to understand its ramifications and to assess its impact on the price or value of A's securities. Depending on the circumstances, that information might include:

- *information about the business, such as the type of business, location, numbers of employees, length of operation, financial history, etc;*
- *the total consideration to be paid by A for the business;*
- *whether the consideration is to be cash or securities of A;*
- *if the consideration includes cash, whether it will be funded from internal sources or by debt;*
- *if the consideration includes securities, the number of securities to be issued and the price at which they will be issued;*
- *any material conditions to completion under the agreement;*
- *the expected timetable for completion of the transaction; and*
- *the expected impact of the transaction on A's financial position.*

The publication of the announcement will result in the trading halt being lifted.

Alternative B: The negotiations between A and B reach a stalemate and the parties decide to terminate their discussions.

Disclosure would be required. The announcement made when A requested the trading halt would have given rise to an expectation in the market that an agreement was imminent. A should announce that it has not been able to reach an agreement with the other party and that discussions have been terminated. The publication of the announcement will result in the trading halt being lifted.

Example B

1. An overseas entity C submits a confidential non-binding indicative offer to listed entity D proposing that the two entities merge by way of a scheme of arrangement. Under the proposed terms of the scheme, D's security holders will transfer their securities in D to C in return for a cash payment equivalent to a 25% premium over their current market

price. The offer is expressed to be subject to a number of conditions, including satisfactory completion of due diligence by C, and D's board unanimously recommending the scheme to security holders in the absence of a higher offer. It also contains a boilerplate clause affirming that the offer relates to an incomplete proposal, is subject to further negotiation, is strictly confidential and may be withdrawn if it is disclosed by D.

Disclosure would not be normally required. The information clearly concerns an incomplete proposal or negotiation and is confidential. For the avoidance of doubt, ASX does not consider that Listing Rule 3.1A.3 (the reasonable person test) requires the disclosure of such information, provided the information continues to be confidential.

2. The following day, D's board meets to consider the offer and resolves to reject it on the basis that it undervalues D and is opportunistic. D's advisers write a private and confidential letter to C confirming D's rejection of the offer.

Disclosure would not be normally required. The fact that D has received and its board has rejected a confidential offer from C is only likely to have a material effect on the price or value of D's securities if it gives rise to speculation that D is now "in play" and that C or some other person might make a further offer for D in the near term at a price materially above its current market price. If C does make a further offer, then the matter is still an incomplete proposal or negotiation. If C does not, then the prospect of some other person making an offer would generally be pure speculation and therefore a matter of supposition and/or insufficiently definite to warrant disclosure. The information falls within Listing Rule 3.1A.1, and provided it continues to be confidential, does not require disclosure under Listing Rule 3.1.

Note also that speculation about a further offer (whether from C or someone else) could also potentially give rise to a false market in D's securities.

If another offer does emerge (whether from C or someone else), it should be disclosed at the appropriate point then (eg, when it is no longer confidential or it reaches the stage of no longer being an incomplete proposal or negotiation).

Again, for the avoidance of doubt, ASX does not consider that Listing Rule 3.1A.3 (the reasonable person test) requires the disclosure of information that D has received and its board has rejected the confidential offer from C, provided the information continues to be confidential.

3. A week later C submits a revised confidential non-binding indicative offer to D increasing the consideration payable to D's security holders to a 30% premium over the current market price of D's securities. Again, the offer is expressed to be subject to a number of conditions, including satisfactory completion of due diligence by C, and D's board unanimously recommending the scheme to security holders in the absence of a higher offer.

Disclosure would not normally be required. The information clearly concerns an incomplete proposal or negotiation.

4. This time, D's board resolves to enter into negotiations with C about the merger. D's advisers write a private and confidential letter to C confirming that D's board is prepared

to recommend such an offer to D's security holders in the absence of a higher offer, subject to the final transaction terms being satisfactory to D's board.

Disclosure would not normally be required. The information still concerns an incomplete proposal or negotiation.

5. C and D sign a confidentiality agreement with a view to C commencing due diligence.

Disclosure would not normally be required. The information still concerns an incomplete proposal or negotiation.

6. C completes its due diligence and indicates to D that it is prepared to proceed with the transaction at the price indicated in its second confidential non-binding indicative offer, subject to the negotiation and signing of a legally binding merger implementation agreement and various other conditions.

Disclosure would not normally be required. The information still concerns an incomplete proposal or negotiation.

7. The parties complete their negotiations and sign a merger implementation agreement.

D would be expected to disclose the material terms of the merger implementation agreement immediately after it is signed.

D could make this disclosure by lodging a copy of the agreement on the ASX Market Announcements Platform with a relatively short announcement containing a summary of the key commercial terms of the merger, a general description of the agreement and a statement that a copy of the agreement is available on the ASX Market Announcements Platform.
Alternatively, D could make this disclosure without lodging a copy of the agreement on the ASX Market Announcements Platform by making a more detailed announcement that includes a summary of the material terms of the agreement. In the latter case, the announcement should include sufficient information about the agreement for investors to understand its ramifications and to assess its impact on the price or value of the entity's securities.

Depending on the circumstances, D's announcement might include:

- *the proposed terms of the scheme including, in particular, the consideration payable to D's security holders under the scheme;*
- *the steps and timetable for completion of the scheme;*
- *confirmation that C has or will have the funds necessary to complete its obligations under the scheme; and*
- *any material conditions to the scheme becoming effective.*

8A. As a gloss on this example, suppose that before C approached D about the merger (ie, before step 1 above), an article had appeared in a major newspaper suggesting that the industry was ripe for rationalisation and mentioning that C was looking to expand its operations in Australia and that D might be a potential candidate for takeover. When the market opened on the morning the article was published, there was no noticeable impact on the market price or traded volume of D's securities.

In these circumstances, where the article has not had any impact on the market price or traded volume of D's securities, ASX would normally not require a response to the article. The comment appears to be speculative and based on generally known circumstances in the industry, rather than any specific information about the intentions of C and/or D.

However, if the publication of the article had coincided with a material movement in the market price or traded volume of D's securities, then ASX may contact D to discuss whether it is aware of any information concerning it which has not been announced to the market and which, if known, could explain the abnormal trading in its securities.

8B. As an alternative gloss on this example, suppose that, unbeknownst to D, a rumour starts circulating the market that C is about to make a takeover bid for D. The market price and traded volumes of D's securities increase materially off the back of the rumour and ASX contacts D to discuss whether the rumour is correct and whether it should be making an announcement regarding the rumour under Listing Rule 3.1 or 3.1B. This happens:

- before C has approached D about the merger (ie, before step 1 above). D advises ASX that it has not been approached by C and that it knows of no other reason to explain the trading in its securities.

  ASX would normally require D to make an announcement to the market referring to the rumour and stating that it has not been approached by C and therefore it can neither confirm nor deny the rumour.

- after the initial offer by C but before the board of D has met to consider the offer (ie is, between steps 1 and 2 above). D advises ASX that it has received an offer from C regarding a potential merger but its board has not yet met to consider the offer.

  ASX would normally require D to make an announcement to the market referring to the rumour and stating that it has received an offer from C but that its board has not yet had an opportunity to consider the detailed terms of the offer.

  Whether ASX would expect the material terms of the offer by C to be announced at this stage would depend on the extent of the leak of information about the offer. If the substance of the rumour was simply that C is about to make a takeover offer for D, ASX would not expect the material terms of the offer to be disclosed. However, if the rumour included more specific information about the offer (including, for example, the offer price), ASX would expect the material terms of the offer to be disclosed.

- after the initial offer by C has been rejected by the board of D but before the second offer has been received from C (ie, between steps 2 and 3 above). D advises ASX that it has been approached by C regarding a potential merger but that it has rejected the approach.

  ASX would normally require D to make an announcement to the market referring to the rumour and stating that it had received an offer from C but that D's board has rejected the offer. In these circumstances, ASX would

generally expect the announcement to include the material terms of the offer by C and an explanation as to the reasons why D's board rejected it.

- while the parties are in negotiations over the second offer by C (ie, somewhere between steps 4 and 8 above). D advises ASX that it is in confidential negotiations with C regarding a potential merger.

ASX would normally require D to make an announcement to the market confirming that it is in confidential negotiations with C regarding a merger. ASX would not normally require the terms of the merger to be disclosed at this point, since they are still under negotiation.

If completion of the negotiations between C and D is imminent, D may prefer to request a trading halt so that it can delay its announcement until after the transaction terms have been agreed and it can make a more definitive and informative announcement to the market.

Note that in each of these cases, ASX would generally advise D that in view of the abnormal trading in its securities, unless it can release an announcement straight away responding to the rumour, it ought to request a trading halt to stop the market trading on an uninformed basis.

Note also that in each of these cases, if D was in fact aware of the market rumour and the impact it was having on the trading in its securities, it should be contacting its ASX listings adviser immediately to discuss the situation and not wait to receive an enquiry from ASX. In that way, ASX will be able to provide it with guidance on whether there is or could be a false market in its securities, the scope of the announcement that it might make to address that situation and whether it is appropriate for it to request a trading halt to prevent trading in its securities in the meantime.

IV. SECTION 4 - CODE OF ETHICS AND CONDUCT FOR CLINUVEL PHARMACEUTICALS LIMITED

34. PURPOSE OF CODE

The reputation and integrity of the Company will only be maintained if every officer and employee observes the highest standards of behaviour when engaging in corporate activity.

The Company wishes to maintain a reputation for integrity. The Company's reputation for integrity is a competitive advantage that it is essential to maintain.

The Board of the Company has therefore adopted this code of ethics which sets out the standards with which all officers and employees are expected to comply when representing the Company.

Under the code of ethics and conduct (**Code**) all directors and employees are required to:

- comply with the law;
- act honestly and with integrity;
- not place themselves in situations which result in a conflict of interest;
- use the Company's assets responsibly and in the best interests of the Company;
- be responsible and accountable for their actions.

35. CODE OF ETHICS AND CONDUCT

We, the directors and employees of the Company, set for ourselves the following standards of conduct in our relationship with each other, our employer and with all those with whom we deal in our work.

When representing the Company our objective is to comply with the following standards:

36. COMPLIANCE WITH ALL LAWS

We will comply with the law.

- We will comply with the laws of each country in which we are operating.
- Our objective is to be aware of, seek to know and understand the laws which affect or relate to our activities.
- We will notify the Board of any failure to comply with any law.
- In interpreting any law, we will always endeavour to adopt a course which reinforces the Company's reputation for integrity.

Directors are required to familiarise themselves with their duties and responsibilities owed to the Company, its shareholders and other stakeholders under relevant company law. These might relate to financial, corporate, disclosure, fair trading and other requirements.

Employees are encouraged to attend seminars presented by the Company or other external service providers to ensure that their knowledge remains up to date and they remain abreast of relevant legal and industrial developments.

The Company will ensure assistance is available to clarify whether particulars laws apply and how they may be interpreted.

37. HONESTY AND INTEGRITY

We recognise the need to act honestly and with integrity.

- Integrity for us means doing the right thing and behaving properly even if no one would have known that we had done the wrong thing or acted improperly.
- We will not engage in misleading or deceptive conduct or falsify or wrongly withhold information.
- We will treat all persons with dignity and not discriminate on the basis of age, sex, race, religion, sexual orientation, political opinion or other personal differences.
- We recognise that we operate in a country with many different laws, customs and business practices. However we must not compromise the principles embodied in this Code. Honesty is valued in every culture.

38. FAIR DEALING

The Company aims to maintain the highest standard of ethical behaviour in ethical business dealings and to behave with integrity in all dealings with customers, shareholders, government, employees, suppliers and the community.

Directors, senior management, employees and contractors are expected to perform their duties in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Each of us must ensure that our actions, and the actions of those who report to us, deal fairly with the Company's clients, competitors and employees.

You are encouraged to familiarise yourself with the legal requirements applying to fair dealing and to undertake training or attend seminars to develop and maintain your knowledge, so that you can act in accordance with these requirements.

39. POLICIES

The Company has implemented policies in relation to:

- continuous disclosure of material information;
- guidelines for dealing in securities; and
- conflicts and avoidance of conflicts.

You are encouraged to be familiar with and adhere to the requirements of each of these policies and guidelines at all times.

The Board continually assesses and upgrades its policies and procedures to ensure compliance with corporate governance requirements. You will be notified of any changes to the policies and procedures. You should ensure you regularly make yourself aware of the current policies and compliance requirements.

If you have any questions regarding any of the Company's policies, you should contact the Company Secretary.

40. AVOIDANCE OF CONFLICTS

All business decisions must be made solely in the best interests of the Company. Employees must avoid situations where their personal interests could conflict with the interests of the Company.

We will not place ourselves in situations which result in divided loyalties.

- For us, divided loyalties may arise:
  - when our private interests conflict directly or indirectly with our obligations to the Company;
  - when we receive benefits (such as gifts or entertainment) from the person doing or seeking to do business with the Company which could be seen as creating an obligation to someone other than the Company;
  - when we act in ways which may cause others to question our loyalty to the Company;
  - when we or an associate make an improper gain or benefit as a result of a decision made by us.
- Should such a conflict or potential conflict arise or benefit be received, we will make full disclosure to the Company.

If you are concerned that you have a potential conflict of interest you should disclose and discuss the matter with, and seek direction from, your Manager.

The following are some common examples that illustrate actual or apparent conflicts of interest that should be avoided, but this is not intended to be an exhaustive list. They are not intended to authorise any of us to act in a particular way as each situation will be different. If you have any doubt about whether a conflict of interest exists, please consult with your Manager or the Company Secretary.

40.1 Improper personal benefits from the Company

You should not exploit your position or relationship with the Company for personal gain. For example, conflicts of interest can arise when you or a member of your family receives improper personal benefits as a result of your position. Neither you or your relatives should give unreasonable gifts to, or receive unreasonable gifts from, the Company's clients.

The Company may have dealings with companies based in countries where gift-giving has important cultural significance and plays an important role in business relationships. While you should be aware and respectful of such cultural practices, we encourage you to remain mindful of Company's policy in this regard.

We encourage you not to accept a gift in circumstances in which it would appear to others that your business judgement has been compromised, nor put yourself or the Company in a position that would be embarrassing if the gift was made public.

40.2 Financial interests in other businesses

You should avoid having a significant ownership interest in any other enterprise if that interest compromises or appears to compromise your loyalty to the Company. This will

not normally apply to interests in listed entities. However, if you have any doubt about such an investment, you should consult with the Company Secretary.

40.3 **Corporate opportunities**

You should advance the Company's legitimate interests when the opportunity to do so arises and should not take advantage of property, information, your position or other opportunities arising from your position in the Company. (You should also ensure that Company property is used in accordance with ethical standards of conduct - outlined below in Item 4 "Responsible and Honest Use of Assets").

For example, if you learn of a business or investment opportunity through the use of corporate property or information or your position at the Company, you should not participate in the business or make the investment without approval from your supervisor or manager, the Company Secretary or CEO. You should not participate in a joint venture, partnership or other business arrangement with the Company without approval from the Company Secretary or CEO.

40.4 **Conflicts with competitors, clients and family members**

You must ensure that your actions, and those employees who report to you, deal fairly with the Company's clients, competitors and employees (see also Item 38 – "Fair Dealing").

If you feel a conflict may arise between the Company or you and a competitor, client or family member, you should disclose the situation to your supervisor or manager or the Company Secretary so that the Company may assess the nature and extent of any concern and how it can be resolved.

41. RESPONSIBLE AND HONEST USE OF ASSETS

We will use the Company's assets (including funds, equipment, plant, inventory, supplies, securities, business plans, third party information, intellectual property, and information) responsibly and in the best interests of the Company.

- Using the Company's assets (such as equipment or stores) other than for the Company's business purposes or interests is unacceptable.
- We will not remove Company property and documents from official premises without a good and proper reason.
- Using the Company's funds to provide excessive benefits (such as gifts or entertainment) for ourselves or others is unacceptable.
- We intend to respect the proprietary character of the Company's information and not disclose confidential information without proper authorisation.

The Company will not tolerate:

- theft of goods, money, property or fraudulent activity;
- the improper use of Company assets; or
- wilful or reckless damage to Company property.

Company assets may not be used for personal purposes without prior Company approval eg, use of Company vehicle, laptop or mobile phone. If removed, Company assets should be stored in a secure manner and covered by appropriate insurances.

Employees who leave the Company must immediately return all Company property in their possession.

42. RESPONSIBILITY AND ACCOUNTABILITY FOR ACTIONS

We are responsible and accountable for our actions.

- We take responsibility for:
  - the way in which we perform our functions; and
  - honestly and fully reporting the results of our actions.
- For us, accountability means we accept responsibility for and will be judged by our actions.

43. COMMUNICATIONS

43.1 Software

Employees must use approved Company software at work. Employees may not duplicate Company software (other than for backup and archival purposes) for business or personal use. This includes proprietary or internally developed software. The policy applies to employees at all locations.

Breach of this policy may expose the Company to prosecution and severe penalties under copyright law.

43.2 Email and Internet

Employees should use the Company's electronic mail system (email) and internet for business purposes only, except for incidental and occasional personal use. Any messages transmitted by email are treated as business messages and constitute property of the Company.

43.3 Media Statements

Any requests by the media or its representatives for information relating to the Company should be referred to the CEO.

44. PUBLIC COMMUNICATIONS

The Company has adopted a Continuous Disclosure policy relating to its obligations under the *Corporations Act* and the ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of Company securities and to correct any material mistake or misinformation in the market. You should ensure you are aware of the requirements of the policy, and if it applies to you, you must act in accordance with the policy.

You are responsible for the integrity of the information, reports and records under your control and are expected to exercise the highest standard of care in preparing materials for public communications.

Documents should:

- comply with any applicable legal requirements;
- fairly and accurately reflect the transactions or occurrences to which they relate and be supported by accurate documentation;

- not contain any false or intentionally misleading information, not intentionally misclassify information; and
- be in reasonable detail and recorded in the proper account and in the proper accounting period.

45. PRIVACY

The Company respects the privacy of others. We ask you to familiarise yourself with and comply with privacy laws and the Company's privacy policy to ensure that you are aware of and discharge your obligations under relevant privacy laws.

46. CONFIDENTIAL INFORMATION

Employees must not disclose or use in any manner confidential information about the Company, its customers or its affairs that they acquire during employment with the Company, unless the information is already legitimately public knowledge. This obligation extends after an employee leaves the Company.

47. EMPLOYMENT PRACTICES

47.1 Health and Safety

The Company is committed to maintaining a healthy and safe working environment for its employees. All appropriate laws and internal regulations (including occupational health and safety laws) should be fully complied with. All employees have an obligation to assist in ensuring that this situation is maintained at all times.

Employees are required to follow all health, safety and environment policies, report any observed hazards or injuries and participate in the management of health and safety risk.

47.2 Equal Opportunity and Harassment

The Company is committed to:

- equal employment opportunity;
- compliance with the letter and spirit of a full range of fair employment practices and non-discrimination laws; and
- an open, friendly workplace free of harassment and discrimination.

You muse ensure your actions do not breach these policies.

The Company will promptly investigate all allegations of harassment, bullying, victimisation or discrimination and will take appropriate corrective action. Retaliation against individuals for raising claims of harassment or discrimination will not be tolerated.

47.3 Securities trading

The Company has adopted specific guidelines for dealing in the Company's securities by Directors, officers and employees of the Company. You should review that policy and ensure you act in accordance with that policy.

47.4 Bribes, inducements and commissions

You should not pay or receive any bribes, inducements or commissions (this includes any item intended to improperly obtain favourable treatment). Also, you should not give

or receive any unreasonable gifts (see 'Item 40 – Avoidance of Conflicts' above) or otherwise act in an unethical way.

48. COMMUNITY

The Company is committed to doing business in an environmentally responsible manner and identifying environmental risks that may arise out of our operations. The Company has risk management programs in place to address the Company's obligations under various environmental regulations.

If you are aware of, or suspect, an action that is not environmentally responsible and in breach of the applicable laws and regulations, you should report the matter in accordance with your responsibilities outlined in section V 'Implementation' below.

You may voluntarily participate in the political process as an individual. We ask that you refer to the Company's Continuous Disclosure Policy and comply with the policy in relation to making public announcements and that you do not engage in actions which could cause someone to believe that your actions reflect the views or position of the Company if that it not the case.

The Company is a responsible corporate citizen and actively supports the communities in which we live and work. We provide information about the Company in response to reasonable and responsible requests. We abide by all local laws and regulations. We respect and care for the environments in which we operate. We support and encourage our employees to actively contribute to the needs of the community.

V. IMPLEMENTATION

All officers and senior employees will be given a copy of this Code of Ethics and all employees are required to comply with it.

The CEO is responsible for helping all employees to comply with the Code and is to be the first contact in clarifying any concerns employees may have about its application.

Situations may arise where you find it hard to report or to discuss a concern with the CEO or the CEO is not able to provide you with a satisfactory response. For this reason, the Chair will be available to provide advice on ethical and conduct issues and is available to you for consultation.

It is the responsibility of the CEO to:

- communicate the policy to employees;
- take immediate action if there is a breach of policy;
- take a leadership role in observing and promoting the behaviour and standards in this Code of Ethics and Conduct and related policies; and
- refer any instances of employee theft or fraud to the Human Resources Manager or such other appropriate person for further action.

It is the employee's responsibility to:

- comply with the Code of Ethics and Conduct;
- act at all times in the best interests of the Company, with strict integrity and according to legal and approved Company business practices; and
- raise any concerns or issues with the CEO .

It is the responsibility of the Company Secretary to:

- revise and update the Code and related policies as required; and
- conduct regular training on the Code of Ethics and Conduct for employees.

If employees believe they know of or suspect any dishonest activities or breaches of the policy, they should report to the CEO. You should not have concerns about doing so. You will have the benefit of protections available under legislation in relation to whistle-blowing. You also have the commitment from the Company that, where possible, your privacy will be protected. The matter will be handled in strict confidence and only those who need to know will be made aware of the situation.

All employees, officers, contractors, agents or people associated with the Company are expected to comply with any investigations into concerns about breach of the Company's policies and procedures. Accordingly, retribution against a person for reporting or supplying information about a policy will not be tolerated.

The CEO will take immediate action if an employee breaches the Code of Ethics and Conduct. The type of action will depend on the severity of the misconduct and may range from counselling up to dismissal.

Any employee who is suspected of fraud, defalcation, theft of Company property will be referred to the police for further investigation and action. The CEO will discuss the issue with the Chair prior to any action being taken.

The implementation of this Code will be reviewed and assessed by the Board each year.

VI. CONCLUSION

Whilst this Code endeavours to address a wide range of business practices and procedures, it cannot anticipate every issue that may arise. You are responsible to ensure that you act ethically and lawfully at all times.

VII. DISCLAIMER

This Code is a statement of certain fundamental principles, policies and procedures that govern actions in the conduct of the Company's business. It is not intended to, and does not create any rights in any employee, client, customer, supplier, competitor, security holder or any other person or entity.