

**Nemex Resources Limited**  
**ABN 44 146 243 843**

**CORPORATE GOVERNANCE POLICIES**

**Adopted by the Board on 24 May 2019**

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# CORPORATE GOVERNANCE POLICIES

## 1. BOARD CHARTER

### PURPOSE

The Company's purpose is to increase shareholder value through the discovery, acquisition, exploration and development of mineral resources.

### VALUES OF THE COMPANY

The Company's core values that define the type of company it aspires to be and what is expected from its directors and staff are:

- Integrity  
Committed to being honest, trustworthy and respectful in all activities.
- Sustainability  
Committed to putting health and safety first and being environmentally responsible.
- Clarity and simplicity
- Committed to clear, concise, timely and open communication with all stakeholders.
- Performance  
Committed to striving to deliver the best outcome.

### ROLE OF THE BOARD

The Board's key objectives are to:

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

(b) clearly define the values that guide the Company; and

(c) ensure the Company is properly managed.

The Board has primary responsibility to shareholders for the welfare of the Company by guiding and monitoring the business and the affairs of the Company and determining the vision and objectives of the Company.

The Company recognises the importance of the Board in providing a sound base for good corporate governance in the operations of the Company.

The Board must at all times act honestly, fairly and diligently in all respects in accordance with the law applicable to the Company.

The Board will at all times act in accordance with all relevant Company policies.

Each of the Directors, when representing the Company, must act in the best interests of shareholders of the Company and in the best interests of the Company as a whole.

## RESPONSIBILITY OF THE BOARD

The Board is collectively responsible for promoting the success of the Company by:

(a) supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed, which includes but is not limited to the items set out in paragraphs 3(b) to 3(m) below;

(b) ensuring the Company is properly managed, for example by:

(i) appointing the Chairperson of the Board;

(ii) appointing and, where appropriate, removing any Managing Director or Chief Executive Officer (or equivalent), Chief Financial Officer (or equivalent), the Company Secretary and other members of the senior executive team of the Company;

(iii) together with senior management, formulating short term and long-term strategies to enable the Company to achieve its objectives and ensuring that the Company has the resources to meet its strategic objectives;

(iv) establishing appropriate levels of delegation to the Managing Director to allow the business to be managed efficiently;

(v) providing oversight and final approval of management's development of corporate strategy and performance objectives;

(vi) monitoring senior management's performance and implementation of strategy;

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

(d) approving the annual operating budget;

(e) monitoring the financial performance of the Company;

(f) overseeing the integrity of the Company's accounting and corporate reporting systems, including external audit, and satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;

(g) overseeing corporate governance of the Company, including monitoring the effectiveness of the entity's governance practices and conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;

(h) overseeing the Company's process for making timely and balanced disclosure to the market;

(i) approving the Company's remuneration framework;

(j) appointing the external auditor and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next AGM of the Company;

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

(l) ensuring that the entity has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate, including overseeing the management of safety, occupational health and environmental matters;

(m) reviewing and ratifying the risk management framework and systems of internal compliance and control, codes of conduct and legal compliance; and

(n) facilitating effective communication with securityholders.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

## **BOARD COMPOSITION AND SKILLS**

The Board will be of such size and competence necessary to understand properly and deal with the current and emerging issues of the business of the Company.

The Board aims to comprise a majority of non-executive Directors who are considered by the Board to be independent, but may depart from this objective if the chosen composition of the Board at given point in time is considered to be in the best interests of the Company and the shareholders as a whole notwithstanding that majority is not considered to be independent.

The Board aims to comprise Directors with a diverse range of skills and experience that align with the strategic objectives of the Company from time to time. The Company views the following as some of the key areas of skills and experience that the Board as a whole should possess:

(a) industry experience;

(b) business acquisition and integration skills;

(c) financial literacy;

(d) legal and regulatory knowledge;

(e) knowledge and awareness of health, safety and environment and social responsibility;

(f) knowledge and awareness organisational development and human resources; and

The Board will consider and communicate to shareholders the preferred mix of skills and experience from time to time as determined by the Company's operational and strategic objectives.

## **CRITERIA FOR ASSESSING INDEPENDENCE OF DIRECTORS**

In determining whether or not the Directors are independent, the Board applies as a benchmark the criteria as set out in the ASX Corporate Governance Principles and Recommendations (Independence Criteria).

The Board may consider a Director to be independent notwithstanding that the Director does not strictly meet all of the independence criteria, in which case the Board will report on the reasons for its conclusion to its shareholders in its annual Corporate Governance Statement.

The Board will regularly assess whether each non-executive Director is independent and each non-executive Director must provide to the Board all information relevant to his or her assessment in this regard.

## **CHAIRPERSON**

The Board will appoint one of its members to be the Chairperson.

The Chairperson should be an independent, non-executive Director unless the Board determines that an alternative arrangement is in the best interests of the Company at that time.

The Chairperson is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive relations between Directors and between the Board and management. The Chairperson is also responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues.

## **COMPANY SECRETARY**

The Company Secretary of the Company is directly accountable to the Board through the Chairperson on all matters to do with the proper functioning of the Board.

The role of the Company Secretary includes:

- (a) advising the Board on governance matters;
- (b) monitoring that Board policy and procedures are followed;
- (c) coordinating the timely completion and dispatch of Board papers;
- (d) ensuring that the business at Board meetings is accurately captured in the minutes; and
- (e) helping to organise and facilitate the induction and professional development of Directors.

Each Director should be able to communicate directly with the Company Secretary and vice versa.

The Board has responsibility for making or approving a decision to appoint or remove the Company Secretary.

## **ROLE AND RESPONSIBILITY OF MANAGEMENT**

The role of management is to support the Board (or, in the instance of the appointment of a Managing Director or Chief Executive Officer (or equivalent), that person) and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

## **INDEPENDENT ADVICE AND CONFLICTS OF INTEREST**

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter.

## **COMMITTEES AND CHARTERS**

The Board may delegate its functions and responsibilities from time to time depending on the size, complexity, ownership structure, the respective skills and composition of the Board, and the requirements of the ASX Listing Rules through the establishment of Board sub-committees. To the extent the Board considers that no formal sub-committees are required, the Board will at a minimum convene from time to time as appropriate or required under the following Charters to ensure it deals with the matters that would otherwise be dealt with by separate committees:

- (a) Audit & Risk Committee Charter;
- (b) Nomination Committee Charter; and
- (c) Remuneration Committee Charter.

## 2. CODE OF CONDUCT

This code of conduct aims to encourage the appropriate standards of conduct and behaviour of the directors, officers, employees and contractors (collectively called the employees) of the Company.

Employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

### GENERAL PRINCIPLES

1. Employees must act with integrity, honesty, in good faith and in the best interests of the Company as a whole.

Employees must not knowingly participate in any illegal or unethical activity or participate in any activity which would conflict with the Company's best interests or that would be likely to negatively affect the Company's reputation.

2. Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment.

3. Employees must recognise that their primary responsibility is to the Company's shareholders as a whole.

4. Employees must not take advantage of their position for personal gain, or the gain of their associates.

5. Directors have an obligation to be independent in their judgements.

6. Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission from the Company.

7. Employees have an obligation, to comply with the spirit as well as the letter, of the law and with the principles of this code.

8. The Company prohibits the offering or acceptance of bribes, inducements, facilitation payments or any improper benefits by Directors, management and staff. Directors, management and staff will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, that person's conduct in representing the Company.

The Company views breaches of this code as serious misconduct. Employees who have become aware of any breaches of this code must report the matter immediately to the Company Secretary (or in the event the matter related to the Company Secretary, to the Chairman). The Company Secretary has the responsibility to report the matter to the Chairman, investigate the matter as instructed by the Chairman and report accordingly and to advise the relevant employee of the outcome and actions implemented.

Any employee who in good faith, reports a breach or a suspected breach will not be subject to any retaliation or recrimination for making that report.

Employees who breach the policies outlined in the Code may be subject to disciplinary action, including in the case of serious breaches, dismissal.

## **DIRECTORS**

The following additional comments apply to directors of the Company and aim to ensure directors have a clear understanding of the Company's expectations of their conduct.

### ***Fiduciary duties***

All directors have a fiduciary relationship with the shareholders of the Company.

A director occupies a unique position of trust with shareholders, which makes it unlawful for directors to improperly use their position to gain advantage for themselves.

### ***Duties of directors***

Each director must endeavour to ensure that the Company is properly managed so as to protect and enhance the interests of all shareholders. To this end, directors need to devote sufficient time and effort to understand the Company's operations.

Directors should ensure that shareholders and the ASX are informed of all material matters which require disclosure and avoid or fully disclose conflicts of interest.

### ***Conflict of interest***

At all times a director must be able to act in the interests of the Company. Where the interests of associates, or the personal interest of a director or a director's family may conflict with those of the Company, then the director must immediately disclose such conflict and either:

(a) eliminate the conflict, or

(b) abstain from participation in any discussion or decision-making process in relation to the subject matter of the conflict.

Executive directors must always be alert to the potential for a conflict of interest between their roles as executive managers and their fiduciary duty as directors.

### ***Insider trading***

Information concerning the activities or proposed activities of the Company, which is not public and which could materially affect the Company's share price must not be used for any purpose other than valid Company requirements.

### ***Managing Director and CFO***

It is the responsibility of both the Managing Director and the CFO to provide written assurances to the Board that in all material respects:

(a) the financial reports submitted to the Board represent a true and fair view of the Company's financial condition and operational results; and



(b) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

## **STAKEHOLDERS**

The Board recognises that the primary stakeholders in the Company are its shareholders. Other legitimate stakeholders in the Company include employees, customers and the general community.

The Company's primary objective is to create shareholder wealth through capital growth and dividends by the continued development and application of its various assets.

The Company is committed to conducting all its operations in a manner which:

- (a) protects the health and safety of all employees, contractors and community members;
- (b) recognises, values and rewards the individual contribution of each employee;
- (c) achieves a balance between economic development, maintenance of the environment and social responsibility;
- (d) maintains good relationships with suppliers and the local community; and
- (e) is honest, lawful and moral.

All employees (including directors) are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

This policy is reviewed **annually**.

### 3. SECURITIES TRADING POLICY

#### 1 PURPOSE

In order to preserve the reputation and integrity of Nemex Resources Limited (**NXR**), it is vital that when people associated with NXR deal in NXR securities those dealings are not only fair but are seen to be fair. When directors and employees deal in securities of NXR they must be sure that it does not reflect badly on them or NXR. The following policy is designed to avoid the possibility that misconceptions, misunderstandings or suspicions might arise.

The general scheme of this policy regarding allowable dealings by directors, employees, advisers and consultants (**Applicable Persons**) and their related parties (spouses, de facto spouses, parents and children) (**Related Persons**) in NXR securities is that those persons should:

- never engage in short term trading of NXR securities;
- not deal in NXR securities while in possession of Inside Information (defined below);
- in the case of key management personnel, notify the company secretary of any intended transactions involving NXR securities; and
- in the case of key management personnel, ensure any of their buying or selling of NXR securities occurs outside of Prohibited Periods (defined below) unless prior written clearance is obtained in accordance with this policy.

#### 2 OVERVIEW OF INSIDER TRADING PROVISIONS OF THE CORPORATIONS ACT

Under the *Corporations Act 2001* (Cth) (**Corporations Act**), it is illegal for anybody to deal in any securities of a body corporate (including NXR), when in possession of information that the person knows, or ought reasonably to know:

- is not generally available (including information that NXR has not disclosed to the market in accordance with NXR's disclosure policy); and
- might have a material effect on the price or value of those securities if it was generally available,

#### **(Inside Information).**

This prohibition extends to procuring another person to deal, and, in the case of securities of listed corporations, extends to communicating the Inside Information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the securities in question or procure another person to do so.

Examples of information that may be Inside Information include:

- the status of major regulatory approvals sought by NXR;
- the outcome of studies related to NXR's assets;
- significant drilling results;
- the financial performance of NXR;
- NXR's capital structure, such as a proposed dividend or issue of securities;
- actual or proposed major acquisitions and disposals of NXR's assets;
- an actual or proposed takeover or merger;
- major claims against NXR; or

entering into or terminating a major contract.

For the purpose of this policy:

- **dealing** includes applying for, acquiring or disposing of, or entering into an agreement to apply for, acquire or sell, securities, and "deal" has a corresponding meaning;
- **securities** include shares, derivatives and other financial products that can be traded on a financial market including financial products issued or created over NXR securities by third parties and products which operate to limit economic risk in securities holdings in NXR; and
- **key management personnel** has the meaning provided in Accounting Standard AASB 124 Related Party Disclosures, and includes the directors, the company secretary, those persons having authority and responsibility for planning, directing and controlling the activities of the Company and any other person from time to time notified by the Board.

### 3 CONFIDENTIALITY AND INSIDE INFORMATION

While in possession of Inside Information about NXR, Applicable Persons must not:

- deal in the Company's securities; or
- procure, encourage, incite or induce any other person to deal in the Company's securities.

While it is acknowledged that Applicable Persons may have no control over Related Persons, dealings in NXR securities by Related Persons has the potential to cause reputational damage to NXR. As a result, Applicable Persons are encouraged to counsel their Related Persons to comply with the restrictions set out above.

### 4 DEALING WITH SECURITY ANALYSTS, INSTITUTIONAL INVESTORS AND JOURNALISTS

Applicable Persons may be exposed to persons outside NXR such as security analysts, institutional investors and journalists. It is important that Applicable Persons are aware that selective disclosure of non-public information may result in a breach of the insider trading rules. Thus, if a report containing material non-public information concerning NXR was communicated only to local or trade journalists and if full public disclosure of the information was not made at the same time, it is possible that this may give rise to breach of the Corporations Act.

It is important to stress that it is the mere fact of conveyance of the material non-public information that gives rise to liability, not the manner in which it is conveyed. For example, the confirmation of an analyst's educated guess about a situation not known to the general public may be just as much a violation as the direct conveyance of information to an analyst. This is clearly the case even if the analyst's case is based upon his or her independent and creative analysis of publicly available information.

Expressing subjective attitudes about NXR's performance or by calling attention to disparate pieces of information not available as an aggregate to the general public may also be a breach of this policy or the Corporations Act. It is essential to avoid the indirect conveyance of information by any means whatsoever.

If during the course of a discussion with an analyst, journalist or other outsider, material non-public information concerning NXR is disclosed, inadvertently or otherwise, the recipient of the information should be informed of its non-public nature and cautioned against its use unless and until NXR has made full public disclosure of that information. The company

secretary should be notified of the situation immediately so that a decision can be made regarding disclosure of the information. In view of the pitfalls inherent in responding to analysts' projections and questions regarding previously undisclosed operating results or other developments, no comment at all should be made on these matters except to correct serious factual errors in situations in which the facts are in the public domain.

## **5 RESTRICTION ON TRADING**

There is an overriding prohibition on dealing in NXR securities when a person is in possession of Inside Information.

In addition, key management personnel are at all times prohibited from dealing in NXR securities for:

- each period of 1 week before and one business day after each date upon which NXR gives to the ASX its quarterly, half yearly or annual report.

### **(Closed Periods).**

Prohibited Period means (i) any Closed Period; or (ii) additional periods which are imposed by the entity as soon as senior management is aware of a matter that is considered to be price sensitive (or which the Chairman or the MD deem to be price sensitive).

The Board may seek information from key management personnel about their level of ownership of NXR securities and about any encumbrances or margin loans given in respect of those securities. The Board may also require them to keep the company secretary informed of changes to information provided.

## **6 SHORT-TERM TRADING**

In order to prevent the unfair use of information, key management personnel and their Related Persons are generally prohibited from short-term trading at all times. Short-term trading is a purchase and sale of the same securities within a three-month period.

The Board may, on application, exempt a key management personnel or their Related Persons from this prohibition in exceptional circumstances (see **section 8**).

## **7 CERTAIN DEALINGS EXCLUDED FROM POLICY**

The following dealings in NXR securities involving key management personnel (and/or their Related Persons) are excluded from the operation of this policy:

- being issued securities in NXR under:
  - a rights issue;
  - a dividend reinvestment plan;
  - a security purchase plan; or
  - an employee option plan, employee share acquisition scheme, executive share acquisition plan or similar arrangement;
- disposing of securities:
  - under a buy back or capital reduction made available to most or all NXR security holders; or
  - as a result of a secured lender exercising their right under a margin lending arrangement;
- disposing of entitlements under a renounceable pro rata rights issue;

- accepting (or undertaking to accept) an offer under a takeover bid, disposing of securities under a scheme of arrangement or agreeing to cancel options over unissued shares in NXR in conjunction with a change of control transaction;
- transferring NXR securities to a superannuation fund or other saving scheme in which the Applicable Person or Related Person is a beneficiary;
- investing in, or trading in units of, a fund or other scheme (other than a scheme investing only in NXR securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- entering into a transaction where the beneficial interest in NXR securities will not change; and
- exercising an option over NXR shares, exercising a right under an employee incentive scheme or converting a convertible security in NXR.

## **8 EXEMPTION TO DEAL DURING A PROHIBITED PERIOD**

### **8.1 KEY MANAGEMENT PERSONNEL**

The Board may, in exceptional circumstances only, give prior written clearance to any member of key management personnel or their Related Persons to deal in NXR securities during a Prohibited Period.

The Board may provide a written clearance by:

- resolving to approve the clearance at a Board meeting and authorising a person (such as the company secretary) to provide the relevant member of key management personnel with written details of the confirmation, including any terms approved by the Board;
- each director signing a written resolution approving the clearance on the same terms; or
- each director confirming by email that they consent to the clearance on the same terms.

### **8.2 EXCEPTIONAL CIRCUMSTANCES**

Examples of exceptional circumstances include, but are not limited to:

- severe financial hardship; or
- court orders requiring the sale of the securities in question.

### **8.3 REQUESTS FOR PRIOR CLEARANCE**

A request for prior clearance must be made by the relevant key management personnel and provided to the company secretary for distribution to the Board. If the relevant key management personnel (and/or their Related Persons) is granted clearance, the relevant key management personnel must comply (or procure that their Related Persons comply) with any terms imposed by the Board or relevant NXR officers (such as the effective period of the clearance).

Prior clearance will not be granted if the Board or relevant NXR officers (as applicable) consider that NXR is currently in possession of Inside Information.

All key management personnel and Related Persons that are granted prior clearance must promptly provide the company secretary with full details of any dealing made in reliance of the clearance.

## 9 MARGIN LENDING

Key management personnel should ensure that when arranging finance either for themselves or through their Related Persons, where securities in NXR are provided as collateral, such obligations do not conflict with their obligations under this policy. In particular, key management personnel should ensure that the terms of any margin lending arrangements do not require dealings in NXR securities at such time when key management personnel are prohibited from dealing in NXR securities.

Within ten days of a key management personnel or a Related Person entering into a margin lending arrangement involving NXR securities, the relevant key management personnel must provide the company secretary with the following information:

- the number of NXR securities that are subject to such arrangement;
- the trigger events for disposal of such securities; and
- any other information that may be relevant to NXR's continuous disclosure obligations, including the ability of the key management personnel or the Related Person (as applicable) to meet any margin call.

If a key management personnel has provided details of any margin lending arrangements, it must keep the company secretary informed of any change in circumstances that may be relevant to NXR's continuous disclosure obligations.

## 10 DERIVATIVES

Key management personnel may only enter into transactions involving derivatives (as defined in section 761D of the Corporations Act) (**Derivatives**) in respect of NXR securities (including shares, performance options and performance rights) if the following criteria are satisfied:

- the relevant securities are fully vested;
- the Derivative has a maturity date that falls outside a Prohibited Period;
- NXR is not a counterparty to the Derivative;
- the Derivative is used for the purposes of protecting the value of an asset supporting a loan taken out for the exercise price of options granted by NXR or to protect the value of the security in respect of tax liabilities that may become due and payable; and
- the Derivative transaction complies with all applicable laws.

The notification rules in **section 11** of this policy apply to the use of Derivatives. At the time of making a notification, the relevant member of key management personnel must also provide evidence that the criteria set out above have been satisfied.

## 11 NOTIFICATION RULES IN RELATION TO DEALING IN NXR SECURITIES

### 11.1 KEY MANAGEMENT PERSONNEL

In addition to complying with any requirement under **section 8.1** to obtain prior written clearance, key management personnel are required to notify NXR of **all intended dealings** in NXR securities by themselves or, if they are aware, their Related Persons, two days before such intended dealings. This should be done by written notice to the company secretary outlining:

- the name of the security holder;
- the proposed date of dealing;

- the type of proposed transaction (purchase, sale, etc.); and
- the number of securities involved.

Following completion of the proposed dealing, the relevant member of key management personnel must provide confirmation to the company secretary that the dealing has occurred, and details of the price per security, within two days of the dealing.

## 11.2 DIRECTORS

In addition to the requirements set out in **section 11.1**, within three business days of:

- the director's appointment;
- a change to the director's interest in NXR securities; or
- the effective date of the director's resignation as a director of NXR,

the director must either complete or provide sufficient information for the company secretary to complete, either an Appendix 3X, 3Y or 3Z (as applicable) to be filed with the ASX for the purposes of section 205G of the Corporations Act and ASX Listing Rule 3.19A.

## 12 BREACHES OF POLICY

Any breaches of this policy will be severely dealt with and may lead to summary termination.

All Key management personnel will be provided with a copy of this policy and within ten days are required to provide the company secretary with a signed acknowledgement in the form attached in the annexure.

### ANNEXURE - FORM OF ACKNOWLEDGEMENT

To: Nemex Resources Limited (**NXR**)

Attention: Company Secretary

Securities Trading Policy

I have been supplied with a copy of NXR's securities trading policy.

I have read and considered the contents of the policy.

I give my unqualified undertaking to be bound by and comply with the letter and the spirit of the policy in all my dealings with or on behalf of NXR.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Location: \_\_\_\_\_

Date: \_\_\_\_\_

This policy is reviewed annually.

## **4. AUDIT AND RISK COMMITTEE CHARTER**

The Board has not established an Audit and Risk Committee at this time. Until such time as the Board determines that it is appropriate to establish an Audit and Risk Committee, the function of the Audit and Risk Committee as set out in this Charter will be performed by the Board.

### **Scope**

The Audit and Risk Committee is a committee of the Board of the Company with the specific powers delegated under this charter. The charter sets out the Audit and Risk Committee's function, composition, mode of operation, authority and responsibilities.

### **Function**

The role of the Audit & Risk Committee is to:

- (a) review and monitor the integrity of the financial reports and statements of the Company;
- (b) review and oversee the Company's risk management framework and internal controls;
- (c) monitor and review the effectiveness of the Company's internal audit function to the extent there is one;
- (d) monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- (e) perform such other functions as assigned by law, the Company's constitution, or the Board if applicable.

The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of the Company or professional advisers where appropriate.

### **Membership and composition**

The Board shall appoint the members of the Committee and review the composition of the Committee at least annually. The Committee will comprise:

- (a) at least three members;
- (b) a majority of non-executive directors whom are independent;
- (c) an independent chairman appointed by the Board and who is not the Chairman of the Board; and
- (d) where possible, members with sufficient financial skills and experience relevant to the committee's functions.

### **Meetings**

The Committee shall:

- (a) meet as frequently as required but at least two times per year; and



(b) the minimum quorum for a committee meeting is two members.

The secretary of the Committee is the Company Secretary.

### **Authority**

In performing its functions in accordance with any applicable law, the Committee:

(a) has unrestricted access to the external auditors, senior management and employees of the Company;

(b) has unrestricted access to information and reports relevant to fulfilling its responsibilities;

(c) may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee; and

(d) shall have the power to conduct or authorise investigations into any matters within the committee's scope of responsibilities or when requested by the Board.

### **Responsibilities**

The Committee must promote an environment within the Company which is consistent with best practice financial reporting. In particular, the Committee must:

(a) perform an independent review of financial information prepared by management for external reporting. This will include conducting reviews of the annual report, directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information. The Committee reviews any periodic corporate report to be released to the market that is not audited or reviewed by an external auditor prior to release, including making enquiry of, and representations as to compliance and integrity by, appropriate levels of management;

(b) monitor the integrity and effectiveness of financial reporting processes;

(c) review and assess the external audit arrangements;

(d) review and ensure implementation of legislated major accounting changes;

(e) ensure that appropriate policies are established and adequate systems are in place to identify and disclose related-party transactions and assess the propriety of any related party transactions; and

(f) ensure that the Board is kept regularly informed on general progress and activities and is promptly briefed on all significant matters.

### **External audit arrangements**

The Committee shall report to the Board on external audit arrangements, including:

(a) making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the external audit firm;

(b) review the terms of engagement for the external auditor;

(c) review the scope of the external audit with the external auditor including identified risk areas;

(d) monitor the performance of the external audit including assessment of the quality and rigour of the audit, quality of the service provided and the audit firm's internal quality control procedures;

(e) review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditors' independence;

(f) review and monitor management's responsiveness to the external audit findings; and

(g) on a periodic basis, meet with the external auditor without the presence of management.

### **Appointment of external auditor**

Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.

The Committee will ensure that prospective auditors have been provided with a sufficiently detailed understanding of the Company, its operations, its key personnel and any other information, including group structures and financial statements, that will have a direct bearing on each firm's ability to develop an appropriate proposal and fee estimate.

The Committee and the Board will consider the appointment in conjunction with senior management.

In selecting an external auditor, particular consideration will be given to determining whether the fee quoted is sufficient for the work required, that the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the Company's needs and expectations.

### **Rotation and succession planning**

The Committee will discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner. The Company shall require that the lead engagement partner be rotated at least every 5 years and the review partner be rotated at least every 3 years.

### **Management sign-off procedure**

The Audit and Risk Committee will ensure that the Managing Director and Chief Financial Officer prepare a written statement to the Board certifying that the Company's annual financial report and half yearly financial report present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance and are in accordance with relevant accounting standards.

The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports.

### **Risk management and internal control**

The Audit and Risk Committee will:

(a) Monitor and assess the risk exposure of the Company for regulatory, systems and information technology, business and operational, economic, environmental and social sustainability risks through effective risk management strategies.

(b) Oversee the design of a risk management framework.

(c) Conduct a comprehensive review and make recommendations to the Board on any incident involving fraud or other break down of the Company's internal controls.

(d) Review the adequacy of the Company's insurance programs.

(e) review the Company's risk management framework on an annual basis and disclose in the annual report or elsewhere as appropriate whether such review has taken place.

This policy is reviewed **annually**.

## 5. CONTINUOUS DISCLOSURE POLICY

This policy outlines the disclosure obligations of the Company as required under the Corporations Act 2001 and the ASX Listing Rules. The policy is designed to ensure that procedures are in place so that the stock market in which the Company's securities are listed is properly informed of matters which may have a material impact on the price at which the securities are traded.

The Company is committed to:

- (a) complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
- (b) preventing the selective or inadvertent disclosure of material price sensitive information;
- (c) ensuring shareholders and the market are provided with full and timely information about the Company's activities;
- (d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

### **Disclosure officer**

The Managing Director and the Company Secretary have been appointed as the Company's disclosure officers responsible for implementing and administering this policy. The disclosure officers are responsible for all communication with ASX and for making decisions on what should be disclosed publicly under this policy.

In the absence of the Managing Director and Company Secretary, any matters regarding disclosure issues are to be referred to the Chairman.

### **Material information**

In accordance with the ASX Listing Rules, the Company must immediately notify the market (via an announcement to the ASX) of any information concerning the Company which a reasonable person with experience in the industry in which the Company operates would expect to have a material effect on the price or value of the Company's securities.

Information need not be disclosed if:

- (a) a reasonable person would not expect the information to be disclosed; and
- (b) the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
- (c) one or more of the following applies:
  - (i) it would breach the law to disclose the information;

- (ii) the information concerns an incomplete proposal or negotiation;
- (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- (iv) the information is generated for internal management purposes; or
- (v) the information is a trade secret.

The Company is also required to disclose information if asked to do so by the ASX, to correct or prevent a false market.

Note that the Company is deemed to have become aware of information where a director or executive officer has, or ought to have, come into possession of the information in the course of the performance of his duties as a director or executive officer.

The Corporations Act defines a material effect on price or value as being where a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the securities.

#### **Review of communications for disclosure**

The disclosure officers will review all communications to the market to ensure that they are full and accurate and comply with the Company's obligations.

Such communications may include:

- (a) media releases;
- (b) analyst, investor or other presentations;
- (c) prospectuses; and
- (d) other corporate publications.

Examples of information or events that are likely to require disclosure include:

- (a) financial performance and material changes in financial performance or projected financial performance;
- (b) changes in relation to directors and senior executives;
- (c) mergers, acquisitions, divestments, joint ventures or material changes in assets;
- (d) significant developments in new projects or ventures;
- (e) changes to the Company's securities on issue;
- (f) material information affecting the Company's mineral projects;

- (g) media or market speculation;
- (h) analyst or media reports based on inaccurate or out of date information;
- (i) industry issues which have, or which may have, a material impact on the Company; and
- (j) decisions on significant issues affecting the Company by regulatory authorities.

Where there is any doubt as to whether an issue might materially affect the price or value of the Company's securities, the disclosure officers will assess the circumstances with appropriate senior executives and if necessary, seek external professional advice.

All presentations to analysts and investors will be released to the ASX and then included on the Company's web-site. In the event of the delivery of a new and substantive investor or analyst presentation regarding the Company and its projects and activities, the Company will release a copy of the presentation materials to the ASX ahead of the presentation.

The Board must receive copies of all material market announcements promptly after they have been made.

### ***Authorised spokespersons***

The Company's authorised spokespersons are the Managing Director, Chairman, and Company Secretary. In appropriate circumstances, the Managing Director may from time to time authorise other spokespersons on particular issues and those within their area of expertise.

No employees or consultants are permitted to comment publicly on matters confidential to the Company. Any information which is not public must be treated by employees and consultants as confidential until publicly released.

### ***Reporting of disclosable information***

Once the requirement to disclose information has been determined, the disclosure officers or Company Secretary are the only persons authorised to release that information to the ASX.

Information to be disclosed must be lodged immediately with the ASX. Any such information must not be released to the general public until the Company has received formal confirmation of lodgement by the ASX.

All information disclosed to the ASX in compliance with this policy must be promptly placed on the Company's web-site.

### ***Market speculation and rumours***

As a guiding principle, the Company has a "no comment" policy on market speculation and rumours, which must be observed by all employees. However, the Company will comply with any request by the ASX to comment upon a market report or rumour.

### ***Trading halts***

The Company may, in exceptional circumstances, request a trading halt to maintain orderly trading in the Company's securities and to manage any disclosure issues.

No employee of the Company is authorised to seek a trading halt except for the disclosure officers.

### ***Meetings and group briefings with investors and analysts***

The Managing Director is primarily responsible for the Company's relationship with major shareholders, institutional investors and analysts and shall be the primary contacts for those parties.

The Company will not disclose price sensitive information in any meeting with an investor or stockbroking analyst before formally disclosing it to the market. The Company considers that one-on-one discussions and meetings with investors and stockbroking analysts are an important part of pro-active investor relations. However, the Company will only discuss previously disclosed information in such meetings.

### ***Web-based communication***

The Company's web-site features discrete sections for shareholders and investors to ensure that such information can be accessed by interested parties. Such information will include:

- (a) annual reports and results announcements;
- (b) all other company announcements made to the ASX;
- (c) material given at investor conferences or presentations; and
- (d) company profile and company contact details.

Announcements lodged with the ASX will be placed on the Company's web-site as soon as practicable after ASX confirms receipt of that information. Shareholders may be offered the option of receiving information via e-mail instead of post.

This policy is reviewed **annually**.

## 6. SHAREHOLDERS COMMUNICATION POLICY

The Company recognises the value of providing current and relevant information to its shareholders. The Managing Director and Company Secretary have the primary responsibility for communication with shareholders. Information is communicated to shareholders through:

- (a) continuous disclosure to relevant stock markets of all material information;
- (b) periodic disclosure through the annual report (or concise annual report), half year financial report and quarterly reporting of exploration, production and corporate activities;
- (c) notices of meetings and explanatory material;
- (d) the annual general meeting;
- (e) periodic newsletters or letters from the Chairman or Managing Director; and
- (f) the Company's web-site at [www.nemexres.com.au](http://www.nemexres.com.au)

The Company is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market.

### ***Electronic communication and web-site***

The Company believes that communicating with shareholders by electronic means, particularly through its web-site, is an efficient way of distributing information in a timely and convenient manner.

The Company's web-site includes the following pages, which contain relevant information for shareholders:

- (a) section on the Company's corporate governance policies and practices;
- (b) reports section, which contains copies of annual, half yearly and quarterly reports;
- (c) news section, containing sections on newsletters, ASX announcements, media clippings and power point presentations;
- (d) press releases; and
- (e) research section, which contains broker research reports published on the Company.

The Company's web-site will be updated with material released to the ASX as soon as practicable after confirmation of release by the ASX.

All web-site information will be continuously reviewed and updated to ensure that information is current, or appropriately dated and archived.



The Company places the full text of notices of meeting and explanatory material on the web-site.

Shareholders may opt to receive communications from, and send communications to, the Company electronically, by contacting the Company Secretary. Information about the Company is emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses and on submitting information requests with the Company is available on the Company's website.

### ***Written communication and annual report***

Shareholders have been given the opportunity to elect to receive a printed or electronic copy of the annual report from the Company. In addition, the Company publishes its annual report on the Company's website and notifies all shareholders of the web address where they can access the annual report

### ***General meetings***

The Company recognises the rights of shareholders and encourages the effective exercise of those rights through the following means:

(a) notices of meetings are distributed to shareholders in accordance with the provisions of the Corporations Act;

(b) shareholders are encouraged to use their attendance at meetings to ask questions on any relevant matter, with time being specifically set aside for shareholder questions;

(c) notices of meetings encourage participation in voting on proposed resolutions by lodgement of proxies, if shareholders are unable to attend the meeting;

(d) all substantive resolutions at a meeting are decided by a poll rather than by a show of hands;

(e) it is general practice for a presentation on the Company's activities to be made to shareholders at each annual general meeting; and

(e) it is both the Company's policy and the policy of the Company's auditor for the lead engagement partner to be present at the annual general meeting and to answer any questions regarding the conduct of the audit and the preparation and content of the auditors' report.

This policy is reviewed **annually**.

## **7. REMUNERATION COMMITTEE CHARTER**

The Board has not established a Remuneration Committee at this time. Until such time as the Board determines that it is appropriate to establish a Remuneration Committee, the function of the Remuneration Committee as set out in this Charter will be performed by the Board.

### ***Functions and responsibilities***

The Remuneration Committee is a committee of the Board with its principle functions being:

(a) to review and recommend to the Board the overall strategies in relation to executive remuneration policies;

(b) to review and make recommendations to the Board in respect of the compensation arrangements for the Managing Director, all other executive directors, all non-executive directors and all senior management;

(b) to review and make recommendations to the Board in respect of the process for periodically evaluating the performance of senior executives;

(c) to review the effectiveness of performance incentive plans; and

(d) to review and make recommendations to the Board in respect of all equity-based remuneration plans.

In consultation with the Managing Director, the Committee will review and recommend to the Board for approval, the Company's general approach to compensation and will oversee the development and implementation of the compensation regime.

### ***Composition***

The Committee shall comprise at least three members of the Board the majority of whom will be non-executive directors. Directors serving on the Remuneration Committee should have diverse, complementary backgrounds. The Chairman of the Committee shall be an independent director. The Company Secretary will be the secretary of the Committee and will act as the principal liaison between executive management and the committee on remuneration matters.

### ***Meetings***

The Committee shall meet as frequently as required, but not less than once per year.

The Committee shall have access to professional advice.

Two members of the Committee shall comprise a quorum. Where only two members are present, the unanimous vote of the two members will constitute an act of the Committee. Where the committee comprises more than two committee members, the vote of a majority of the members present will constitute an act of the Committee.

## **Remuneration policy**

This policy governs the operations of the Remuneration Committee. The Committee shall review and reassess the policy at least annually and obtain the approval of the Board.

### *General director remuneration*

Shareholder approval must be obtained in relation to the overall limit set for directors' fees. The directors shall set individual Board fees within the limit approved by shareholders. Shareholders must also approve the framework for any equity-based compensation schemes and if a recommendation is made for a director to be issued incentive securities, that issue must be approved by the shareholders.

### *Executive remuneration*

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long-term commitment to the Company. Executives receive a base remuneration which is market related, together with performance-based remuneration which is equity based.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- (a) reward reflects the competitive market in which the Company operates; and
- (b) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives and other senior managers consists of the following:

- (a) salary - executives director and senior manager receive a fixed sum payable monthly in cash;
- (b) bonus - directors may be issued incentive share options with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board, however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- (c) other benefits - executive directors and senior managers may receive other benefits in certain circumstances.

### *Non-executive remuneration*

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for directors is currently \$500,000.

Non-executive directors are entitled to participate in equity-based remuneration schemes, subject to shareholder approval.

All directors are entitled to have their indemnity insurance paid by the Company.

### **Equity-based remuneration**

Recipients of equity-based remuneration are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

### **Authority**

The Remuneration Committee:

- (a) may seek any information or advice it considers necessary to fulfil its responsibilities;
- (b) may have access to management to seek explanations and information; and
- (c) will have the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other external advisers relevant to performing its duties under this Charter.

This policy is reviewed **annually**.

## **8. NOMINATION COMMITTEE CHARTER**

The Board has not established a Nomination Committee at this time. Until such time as the Board determines that it is appropriate to establish a Nomination Committee, the function of the Nomination Committee as set out in this Charter will be performed by the Board.

### **Role**

The role of the Nomination Committee is to ensure that the Company has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and bring transparency, focus and independent judgment to decisions regarding the composition of the Board.

### **Composition**

The Committee shall comprise at least three directors, the majority of whom must be non-executive directors, one of whom will be appointed the Committee Chairman. The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. The Company Secretary shall be the Secretary of the Committee and shall attend meetings of the Committee as required.

### **Meetings**

The Committee will meet at least once a year and additionally as circumstances may require. Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee. Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals may be held or concluded by way of a circular written resolution or conference call.

A quorum shall comprise any two members of the Committee. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman.

Decisions will be based on a majority of votes with the Chairman having a casting vote.

The Committee may invite executive management team members or other individuals, including external third parties to attend meetings of the Committee, as they consider appropriate.

### **Access**

Members of the Committee have rights of access to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.

The Committee may consult independent experts where the Committee considers this necessary to carry out its duties and responsibilities. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

### **Responsibilities**

The Committee shall periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of directors. In particular, the Committee is to:

(a) identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company;

(b) reviewing whether the Directors as a group have the skills, knowledge and familiarity with the entity and its operating environment required to fulfill their role on the Board and, where any gaps are identified, consider what training or development could be undertaken to fill those gaps;

(c) review succession plans for the Board at least annually with a view to maintaining an appropriate balance of skills and experience on the Board;

(d) make recommendations to the Board on the appropriate size and composition of the Board; and

(e) make recommendations to the Board on the terms and conditions of appointment to, and removal and retirement from, the Board.

(f) ensuring that the Company:

(i) undertakes appropriate checks before appointing a person, or putting forward to its shareholders a candidate for election, as a Director, including checks as to a candidate's character, expertise, education, criminal record and bankruptcy history;

(ii) provides its shareholders with all material information relevant to a decision about whether or not to re-elect a Director taking into account the matters listed in Recommendation 1.2 of the ASX Corporate Governance Principles and Recommendations (3rd edition);

(iii) has a program for inducting new Directors and provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;

(iv) has a written agreement with each Director and senior executive setting out the terms of their appointment taking into account the matters set out in Recommendation 1.3 of the ASX Corporate Governance Principles and Recommendations (3rd edition).

In accordance with the constitution of the Company, directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every 3 years. The Board does not specify a maximum term for which a director may hold office.

### ***Procedures For Selection And Appointment Of Directors***

In the circumstances where the Board and / or Committee believes there is a need to appoint another director, whether due to retirement of a director or growth or complexity of the Company, certain procedures will be followed, including the following:

(a) determine the skills and experience appropriate for the appointee having regard to those of the existing directors and any other likely changes to the Board;

(b) agree the process and timetable for seeking such a person, which may involve an external search firm;

(c) a short list of candidates will be prepared for the Committee's consideration and interview. The selection process will encourage visitation to the Company's operating sites and an understanding of management information systems. Candidates will be assessed on the following basis:

- (i) competencies and qualifications;
- (ii) independence;
- (iii) other directorships;
- (iv) time availability;
- (v) contribution to the overall balance of the composition of the Board; and
- (vi) depth of understanding of the role of and legal obligations, of a director.

(d) Recommend the preferred candidate to the Board for consideration and, if approved, nomination for membership of the Board.

If an invitation to become a director is accepted, the Board will appoint the new director during the year and that person will then stand for re-election by shareholders at the next annual general meeting. Shareholder releases will contain material information about any candidate to enable an informed decision to be made on whether or not to elect or re-elect a director.

When appointed to the Board, a new director will receive an induction appropriate to their experience.

This policy is reviewed **annually**.