

## Quest Minerals Limited

ABN 55 062 879 583

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### Directors

Steve Formica, Chairman  
Jerome G (Gino) Vitale  
David Palumbo

### Joint Company Secretaries

Stuart Third  
David Palumbo

### Capital Structure

Ordinary Shares: 107,399,428  
Unlisted Options: 32,500,000



ASX Code: QNL

Enquiries regarding this announcement can be directed to:

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## Pre - Reinstatement Disclosure

Quest Minerals Limited (ASX: QNL, "Company") is pleased to provide this pre-reinstatement disclosure following closure on 7 February 2017 of the Offers contained in the Prospectus lodged with ASIC on 15 November 2016 (as supplemented on 29 November 2016, 27 January 2017 and 6 February 2017) (together the "Prospectus").

### 1. Top 20 shareholder list

A top 20 shareholder list is attached at **Annexure A**.

### 2. Distribution Schedule

A distribution schedule is attached at **Annexure A**.

### 3. Capital Structure

The following table sets out the Company's capital structure, following the consolidation of capital and completion of the offers contained in the Prospectus as at today's date:

CAPITAL STRUCTURE SUMMARY	
Ordinary Fully Paid Shares on issue	107,399 428
Restricted Securities included in above <sup>1</sup>	256,666
Unlisted options expiring 30 September 2020, exercisable at 3.0c <sup>2</sup>	32,500,000

<sup>1</sup> subject to ASX escrow restrictions until 25 January 2018. Refer section 10 below for further details.

<sup>2</sup> for terms and conditions of options, refer **Annexure B**

### 4. Pro-forma Balance Sheet

A pro-forma balance sheet of the Company following completion of the offers contained in the Prospectus based on unaudited management accounts as at 10 February 2017 is attached at **Annexure C**. To the best of the Company's knowledge and belief there has not been any material event which has occurred subsequent to the preparation of the pro-forma statement of financial position for the Company.

### 5. Statement of Financial Commitments and Application of Funds based on actual funds raised

Based on actual funds raised of \$1,820,000 from the issue of 91.0 million shares at a price of \$0.02 per share, 32,500,000 unlisted options at \$0.00001 per option and 10.0 million adviser shares at a deemed price of \$0.02 issued to advisers under the Prospectus. the following is a summary of the following financial commitments satisfied from funds raised:

Cash Funds Raised (91.0m shares @ \$0.02 per share plus 32.5 m options issued for \$0.00001 per option)		\$1,820,325
Applied as follows:		
- brokerage and commissions on capital raised		\$109,200
- payment to Creditors Trust under DOCA <sup>1</sup>		\$185,000
- Repayment of loans (secured and unsecured)		195,225
- payment to directors upon reinstatement		35,000
- costs of reinstatement and creditors	Legal expenses	106,615
	ASIC fees	4,247
	Independent expert reports and contracted consultants fees	63,458
	Share registry and postage costs	35,550
	Payments to Directors and Officers of Company	35,213
	Accounting and audit	41,345
	Shire Rates	981
	Sub-total	287,409
Cash on hand as at 10 February 2017		(\$42,516)
<b>Cash available for working capital</b>		<b>\$1,051,007</b>

<sup>1</sup> As a result of the payment and in accordance with its terms the DOCA has been effectuated.

In addition to \$1,820,000 raised through the issue of 91m shares at \$0.02 per share, the Company also received applications for 10m shares (being the shares approved under resolution 6 at the Company's shareholder meeting on 14 November 2016), with an agreed issue price of \$0.02 per share. The issue is subject to obtaining a waiver from ASX to allow the shares to be issued outside the period stated in the notice of meeting, and the 5 day VWAP of the Company's shares not exceeding \$0.25.

The following table sets out the Company's financial commitments as at the date of this report:

EL 57/1036 – Victory Bore Gold project	<p>Minimum expenditure to be spent under terms grant of EL by DMP:</p> <ul style="list-style-type: none"> <li>- \$20,000 by 30 June 2017</li> <li>- \$20,000 by 30 June 2018</li> </ul> <p>As disclosed in the Prospectus and restated in the Company's report for the quarter to 31 December 2016 (see ASX announcement dated 31 January 2017 released on ASX Announcements Platform on 1 February 2017), the Company has developed a two year exploration program and budget that exceeds the minimum expenditures required by DMP. The discretionary program budget is \$200,000 in the first year from the date of reinstatement of trading in the Company's securities on ASX and \$350,000 in the second year. Details of the exploration program are set out at section 6 below.</p> <p>Given the nature of exploration, implementation of the year 2 program will depend on and may be altered based on results obtained in the first year.</p>
Director fees	<p>The Company has committed to retain the services of Mr Vitale in a part time consulting capacity for a minimum of six months commencing from 15 February 2017 for a monthly fee of \$5,000.</p> <p>Mr Palumbo will be paid fee based on commercial market rates for his corporate services (accounting and compliance) to the Company.</p> <p>Mr Formica has agreed to waive any directors fees until such time that the workload associated with his duties as Chairman of Directors is further assessed.</p>
Office rent	The Company has committed to pay office rent at the rate of \$500 per month until 30 June 2017

## 6. Company Assets and Business Strategy

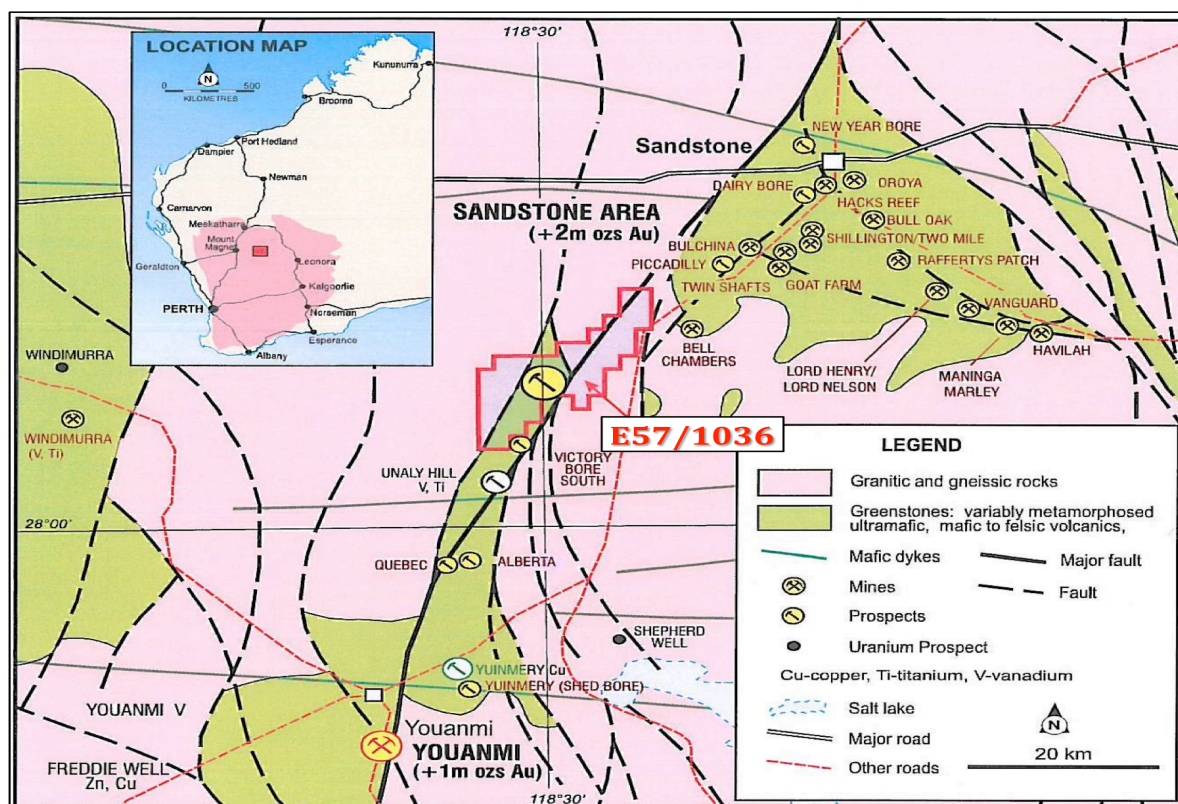
The Company's objective is to create shareholder wealth by pursuing a strategy of exploration and development of mineral projects, with a primary focus on gold.

The Company's key asset is the Victory Bore Gold Project in which it has a 100% interest held by wholly owned subsidiary Acacia Mining Pty Ltd ("Acacia"). Acacia was awarded Exploration Licence E57/1036 on 1 July 2016. The licence covers an area of 39 km<sup>2</sup> on 13 blocks near the town of Sandstone, 560 km north east of Perth in East Murchison Mineral Field in Western Australia. **Figure 1** below shows several gold processing facilities are located close to the licence area.

The Company confirms that as at the date of this report EL57/1036 is in good standing.

The primary interest of the Company is to explore the potential for gold mineralisation where a number of historical drill anomalies in BIF's (banded iron formations) have never been followed up. These anomalies represent sound drill targets that warrant follow up drilling.

The area also hosts gold bearing mineralised shears and quartz veins associated with brittle-ductile fracturing of host rocks that provide significant potential for economic gold mineralisation due to the favourable geological and structural setting.



**Figure 1 – Location of E57/1036 and geology of Sandstone area**

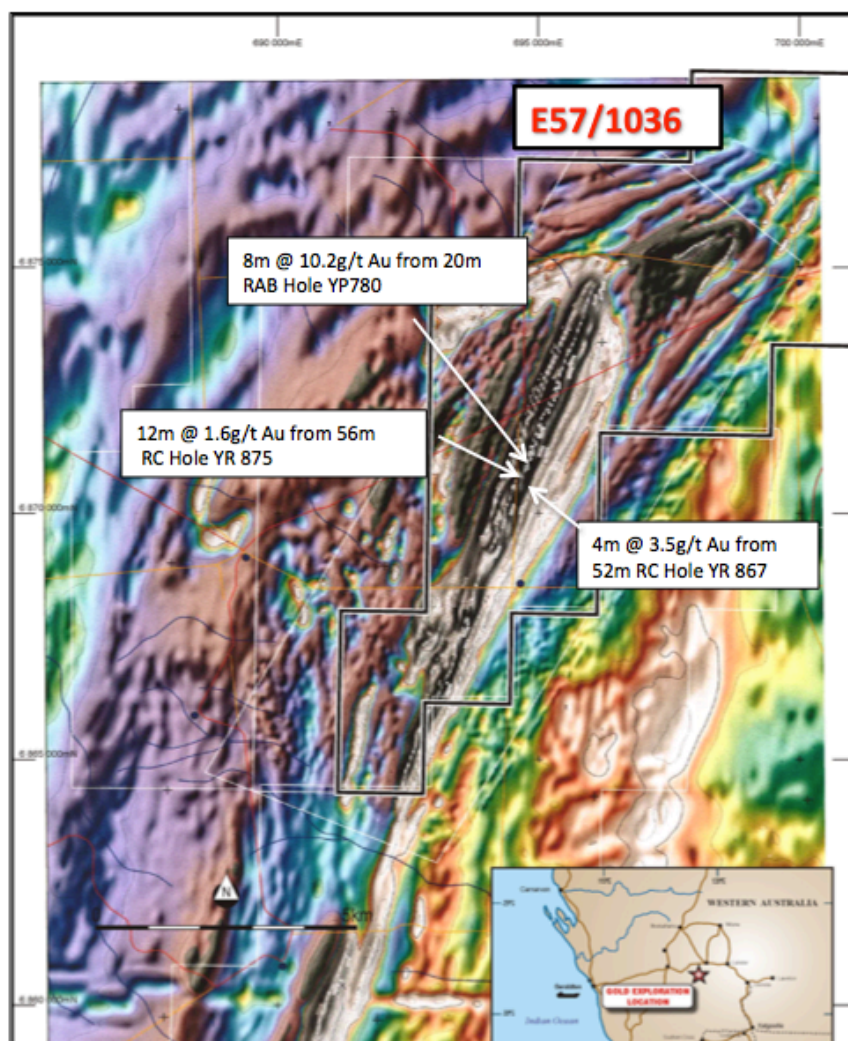
The Company has previously commissioned a consultant geologist to compile historic gold intersections, being drilling programs that predominantly occurred from 1979 to 1998. Previous exploration drilling carried out by Battle Mountain Gold intersected several ore grade intersections of gold. These include:

- 4m @ 3.51 g/t Au from 52m in hole YR867;
- 6m @ 5.2 g/t Au from 59m in hole YR875; and
- 8m @ 10.24 g/t Au from 20m in hole YP780.



The location of these drill holes within EL 57/1036 is shown in **Figure 2** below.

A work program comprising 1,400 metres of air core drilling has been developed by Quest in the first year to confirm these anomalies, with a follow up 6,800 metres of staged RC drilling in the second year. The Company has budgeted \$200,000 in exploration expenditure in the first year to 30 June 2017 and \$350,000 in the following year from the proceeds of the Offer to execute the following exploration program:



**Figure 2 –historical gold intercepts and location shown over interpreted aeromagnetics map**

#### **Year 1 – Budget \$200,000:**

The work program set out below is to be implemented progressively commencing upon the recommencement of trading of the Company's securities on ASX (anticipated to be 15 February 2017). No work has been carried out on EL57/1036 since the date of grant on 1 July 2016 pending completion of a capital raising. A minimum of \$20,000 is required to be spent by 30 June 2017 to maintain the licence in good standing. The proposed work program for the next 12 months comprises:

- the re-interpretation of recently available aeromagnetic data;
- geological mapping;
- re-examination of historic drill hole material;
- anthropological survey (required under access agreement with traditional land-owners);
- further surface rock chip sampling; infill detailed soil sampling within the defined gold-in-saprolite anomaly;
- detailed planning and contractor costing for RC drilling program in year 2; and
- 1,400 metres of Air Core drilling to confirm historic anomalies.

**Year 2 – Budget \$350,000**

Subject to the results obtained from the Year 1 program, the following program is proposed for the second year:

- initial 10-hole angled RC program totalling 1,000 metres with grid spacing approximately 40m by 80m;
- follow up 5,800 metre RC drilling program; and
- drill rig and camp mobilisation, RC drilling, chemical analyses, planning and program administration and management, demobilisation.

**7. Option terms**

The full terms and conditions of the Company's unlisted options expiring 30 September 2020, exercisable at 3.0 cents is attached at **Annexure B**.

**8. Employee Incentive Scheme**

The Company does not have an employee incentive scheme.

**9. Corporate Governance statement**

A statement disclosing the extent to which the Company will follow, as at the date its securities are reinstated, the recommendations set by the ASX Corporate Governance Council is attached at **Annexure D**. The statement is available for viewing on the Company's website at [www.questminerals.com.au](http://www.questminerals.com.au).

**10. Restricted Securities**

The Company has 256,666 shares on issue that are subject to ASX escrow restrictions for a period of 12 months from the date restriction agreements were entered into. These securities are registered in the name of Adam Shepard, former Administrator of Creditors DOCA, under a deed poll dated 25 January 2017 with title and ownership to be returned to KHV Holdings Pty Ltd (as to 233,333 shares) and Mutual Holdings Pty Ltd (as to 23,333 shares) on 25 January 2018, at which time they will become freely tradeable without restriction.

**11. Securities Trading Policy**

A copy of the Company's Securities Trading Policy as required by Listing Rule 12.9 is attached at **Annexure E**.

**12. Compliance with ASX Listing Rule 3.1**

The Company confirms that it is in compliance with the ASX Listing Rules and in particular Listing Rule 3.1.

Yours faithfully,

**Gino Vitale**

**Director**

for further information, contact:

Gino Vitale

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**Annexure A – TOP 20 and Distribution of Shareholdings as at 10 February 2017**
**TOP 20**

<u>RANK</u>	<u>Shareholder</u>	<u>Total Units</u>	<u>% Issue Capital</u>
1	STEV SAND HOLDINGS PTY LTD <FORMICA HORTICULTURAL A/C>	5,900,000	5.494
2	RAVENHILL INVESTMENTS PTY LTD <HOUSE OF EQUITY A/C>	5,000,000	4.656
3	WIMALEX PTY LTD <TRIO S/F A/C>	5,000,000	4.656
4	OAKWALL HOLDINGS PTY LTD <STOINIS PROPERTY A/C>	4,000,000	3.724
5	INVIA CUSTODIAN PTY LIMITED <THE MORRIS FAMILY A/C>	3,000,000	2.793
6	MRS MICHELLE DENNY <PIRATE'S COVE A/C>	3,000,000	2.793
7	NINETY THREE PTY LTD <ONE MILE S/F A/C>	3,000,000	2.793
8	MR BIN LIU	2,500,000	2.328
9	TELL CORPORATION PTY LTD	2,000,000	1.862
10	MIRADOR CORPORATE PTY LTD	1,950,000	1.816
11	MURDOCH CAPITAL PTY LTD <GLOVAC SUPERFUND A/C>	1,816,700	1.692
12	MOUNTS BAY INVESTMENTS PTY LTD <CALVER CAPITAL A/C>	1,816,650	1.691
13	SYRACUSE CAPITAL PTY LTD <THE ROCCO TASSONE SUPER A/C>	1,816,650	1.691
14	S3 CONSORTIUM PTY LTD	1,750,000	1.629
15	MR JOSHUA GOLDBIRSCH	1,730,000	1.611
16	JOJO ENTERPRISES PTY LTD	1,730,000	1.611
17	MINCORP PTY LTD	1,700,000	1.583
18	TYF HOLDINGS PTY LTD <TYF INVESTMENT A/C>	1,500,000	1.397
19	MR VICKO VICTOR BLAGAICH	1,500,000	1.397
20	SLAM CONSULTING PTY LTD	1,250,000	1.164
	<b>TOTAL</b>	<b>51,960,000</b>	<b>48.380</b>

**SPREAD OF SHAREHOLDINGS AS AT 10 FEBRUARY 2017**

<u>SPREAD OF HOLDINGS</u>	<u>NUMBER OF HOLDERS</u>	<u>NUMBER OF UNITS</u>	<u>% OF TOTAL ISSUED CAPITAL</u>
1 - 1,000	5,036	137,785	0.128 %
1,001 - 5,000	123	245,599	0.229 %
5,001 - 10,000	15	107,580	0.100 %
10,001 - 100,000	249	8,354,760	7.779 %
100,001 - 999,999,999,999	145	98,553,704	91.764 %
<b>TOTAL</b>	<b>5,568</b>	<b>107,399,428</b>	<b>100 %</b>

<u>LESS THAN MARKET PARCEL</u>	<u>NUMBER OF HOLDERS</u>	<u>NUMBER OF UNITS</u>	<u>% OF TOTAL ISSUED CAPITAL</u>
1 - 24,999	5,186	701,731	0.653 %
25,000 - OVER	382	106,697,697	99.347 %
<b>TOTAL</b>	<b>5,568</b>	<b>107,399,428</b>	<b>100 %</b>

**ANNEXURE B - TERMS OF OPTIONS**

- 
1. Options have been issued at a price of \$0.00001 per Option.
  2. Each Option entitles the holder to subscribe for and be allotted one Share, at an exercise price of \$0.03 (**Exercise Price**) on or before 30 September 2020.
  3. The Company must, as soon as it is reasonably practicable to do so, issue shares on exercise of the Options in accordance with the Listing Rules and register the holder as a shareholder in the register of members in respect of the Shares so issued. No Option may be exercised if to do so would contravene the Corporations Act or the Listing Rules.
  4. An Option is exercisable by the holder lodging a notice of exercise of option together with, subject to the Options terms, the Exercise Price for each Share to be issued on exercise, at the Company's registered office. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time. Remittances must be made payable to the Company and cheques should be crossed "not negotiable".
  5. The Options are freely transferrable.
  6. An Option not exercised by 30 September 2020 lapses. There is no obligation to exercise the Options.
  7. The Company must apply to the ASX for official quotation of the Shares issued on any exercise of an Option.
  8. Shares issued on any exercise of an Option will rank pari passu with all existing Shares from the date of issue and will be entitled to each dividend for which the books closing date for determining entitlements falls after the date of issue.
  9. There are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered or made to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give the holder the opportunity to exercise Options prior to the date for determining entitlements to participate in any such issue.
  10. There will be no change to the Exercise Price of an Option in the event of the Company making a pro rata issue of Shares or other securities to shareholders (other than a bonus issue).
  11. If there is a bonus issue to shareholders (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
  12. The rights of the holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation. The Company must give notice to the holder of any adjustment to the number of Shares that the holder is entitled to subscribe for or be issued on exercise of the Option or the exercise price per Share in accordance with the Listing Rules.

## ANNEXURE C – PRO-FORMA BALANCE SHEET

## Quest Minerals Limited

	Unaudited	Pro Forma
	10-Feb-17	10-Feb-17
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	42,517	1,051,007
Trade and other receivable	33,146	33,146
<b>Total current assets</b>	<b>75,663</b>	<b>1,084,153</b>
<b>Non-current assets</b>		
Exploration and evaluation expenditure	-	-
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>75,663</b>	<b>1,084,153</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	287,410	-
Borrowings	195,225	-
<b>Total current liabilities</b>	<b>482,635</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>482,635</b>	<b>-</b>
<b>NET (LIABILITIES)/ASSETS</b>	<b>(406,972)</b>	<b>1,084,153</b>
<b>EQUITY</b>		
Contributed equity	92,262,544	93,973,669
Reserves	1,356,900	1,356,900
Accumulated losses	(94,026,416)	(94,246,416)
<b>TOTAL EQUITY/(DEFICIENCY)</b>	<b>(406,972)</b>	<b>1,084,153</b>





**ANNEXURE D – CORPORATE GOVERNANCE STATEMENT**

**QUEST MINERALS LIMITED**  
**ACN 062 879 583**  
**(COMPANY)**

**CORPORATE GOVERNANCE STATEMENT**

This Corporate Governance Statement is current as at 10 February 2017 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company currently follows the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Plan is available on the Company's website at <http://www.questminerals.com.au/>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b><i>Principle 1: Lay solid foundations for management and oversight</i></b>		
<b>Recommendation 1.1</b> A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.  The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.  A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.
<b>Recommendation 1.2</b>		(a) The Company has guidelines for the appointment and selection of the

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p>	YES	<p>Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be, and has been, provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	NO	<p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company currently does not have written agreements with Directors Steven Formica and David Palumbo. Upon recommencement of trading on ASX and the determination of workload arising from Victory Bore, the Company will seek to enter into written agreements with Messrs Formica and Palumbo.</p>
<p><b>Recommendation 1.4</b></p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity</p>	PARTIALLY	<p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives (if any have been set) and the Company's progress in achieving them.</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(c) The Board has not set measurable gender diversity objectives, because:</p> <ul style="list-style-type: none"> <li>• if it became necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable</li> </ul>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>(B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act.</p>		<p>gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company’s policy of appointing based on skills and merit: and</p> <p>(A) The Company does not currently have any women on the Board, in senior executive positions or across the whole organisation.</p>
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company’s Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company’s Corporate Governance Plan, which is available on the Company’s website.</p> <p>(b) The Company’s Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. Due to the ASX quotation suspension of the Company which has resulted from the Deed of Company Arrangement, the Company has not completed performance evaluations in respect of the Board, its committees (if any) and individual Directors for the past financial year in accordance with the above process.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company’s Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company’s senior executives on an annual basis. The Company’s Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company’s senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The applicable processes for these evaluations can be found in the Company’s Corporate Governance Plan, which is available on the Company’s website.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		Due to the ASX quotation suspension of the Company which has resulted from the Deed of Company Arrangement, the Board has not completed performance evaluations in respect of senior executives during the past financial year.
<b>Principle 2: Structure the Board to add value</b>		
<p><b>Recommendation 2.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	NO	<p>(a) The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company did not have a Nomination Committee for the past financial year as the Board did not consider the Company would benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <ul style="list-style-type: none"> <li>(i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and</li> <li>(ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</li> </ul>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	YES	The Company has reviewed the skill set of its Board to determine where the skills lie and any relevant gaps in skills shortages. The Company believes that it currently has a good spread of skills and diversity. If the Board determines there are skill shortages they will seek to identify suitable Board candidates as well as engage professionals and or advisors to assist.
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p>	YES	<p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Board considers Mr David Palumbo to be independent. The Board considers Mr</p>



RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director</p>		<p>Steven Formica not to be independent due to being a substantial security holder of the Company and Mr Jerome Vitale not to be independent due to being employed in an executive capacity within the last 3 years.</p> <p>(b) Despite these relationships, the Board believes that Messrs Formica and Vitale are able, and will make quality and independent judgements in the best interests of the Company on all relevant issues before the Board. Mr Formica has a shareholding that only just exceeds the substantial shareholder limit and Mr Vitale has been employed in an executive capacity in the last 3 years whilst the Company has been suspended from ASX quotation due to the Deed of Company Arrangement.</p> <p>(c) The Company's Third Supplementary Prospectus dated 6 February 2017 discloses the length of service of each Director.</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	NO	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>The Board currently comprises a total of three directors, of whom one is considered to be independent. As such, independent directors currently do not comprise the majority of the Board. Despite these relationships, the Board believes that Messrs Formica and Vitale are able, and will make quality and independent judgements in the best interests of the Company on all relevant issues before the Board.</p> <p>It is noted the composition of the Board will be reassessed in future in line with changes in the Company's operations and level of activity and will be adjusted as deemed appropriate. The Board will consider the ASX Recommendations in assessing any future changes in Board composition.</p>
<p><b>Recommendation 2.5</b></p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	NO	<p>As detailed in explanations to recommendations 2.3 and 2.4 above, the Chair is currently not an independent director of the Company.</p>
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	<p>In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Principle 3: Act ethically and responsibly</b>		
<p><b>Recommendation 3.1</b> A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.</p>
<b>Principle 4: Safeguard integrity in financial reporting</b>		
<p><b>Recommendation 4.1</b> The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, who is not the Chair of the Board,</p> <p>and disclose:</p> <p>(i) the charter of the committee;</p> <p>(ii) the relevant qualifications and experience of the members of the committee; and</p> <p>(iii) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	NO	<p>(a) The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>(b) The Company did not have an Audit and Risk Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p>(i) the Board devotes time annually at Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and</p> <p>(ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>
<p><b>Recommendation 4.2</b> The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and</p>	YES	The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		The Company has obtained a sign off on these terms for each of its financial statements in the past financial year.
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. The Company's external auditor attended the Company's last AGM during the past financial year.
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) The Board Charter provides details of the Company's disclosure policy. In addition, the Corporate Governance Plan details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Corporate Governance Plan, which incorporates the Board Charter, is available on the Company website.</p>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive</p>		The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
communications from, and send communications to, the entity and its security registry electronically.	YES	<p>announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholder queries should be referred to the Company Secretary at first instance.</p>
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	NO	<p>(a) The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>A copy of the Corporate Governance Plan is available on the Company's website.</p> <p>(b) The Company did not have an Audit and Risk Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the Board devoting time at all Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p><b>Recommendation 7.2</b></p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound.</p> <p>(b) The Company's Board has completed a review of the Company's risk management framework in the past financial year, in particular as part of the due diligence in regards to the prospectus dated 15 November 2016</p>
<b>Recommendation 7.3</b>		(a) The Audit and Risk Committee Charter provides for the Audit and

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>Risk Committee to monitor the need for an internal audit function.</p> <p>(b) The Company did not have an internal audit function for the past financial year. The Company employed the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:</p> <p>(i) the Board monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations;</p> <p>(ii) the Board periodically undertakes an internal review of financial systems and processes where systems are considered to require improvement these systems are developed; and</p> <p>(iii) The Board reviews risk management and internal compliance procedures at each Board meeting and monitors the quality of the accounting function.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> <p>The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company discloses this information in its Annual Report as part of its continuous disclosure obligations.</p>
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p>	NO	<p>(a) The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company did not have a Remuneration Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter. The Board</p>



RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<ul style="list-style-type: none"> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> <li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>		<p>devotes time at least annually at a Board meeting to assess the level and composition of remuneration for Directors to ensure remuneration is appropriate and not excessive.</p>
<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>	<p>YES</p>	<p>The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in its Annual Report.</p>
<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	<p>YES</p>	<ul style="list-style-type: none"> <li>(a) The Company has an equity based remuneration scheme. The Company's Corporate Governance Plan prohibits Key Management Personnel entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</li> <li>(b) Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in equity based remuneration or in unvested entitlements.</li> </ul>

## **ANNEXURE E – TRADING POLICY**

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# QUEST MINERALS LIMITED TRADING POLICY

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## 1. INTRODUCTION

These guidelines set out the policy on the sale and purchase of securities in the Company by its Key Management Personnel, close family of the Key Management Personnel and associated employees who work closely with, or in close proximity to, the Key Management Personnel.

This includes the Key Management Personnel's executive assistants, the next layer of management below the Key Management Personnel and any other staff who may have access to their emails, in accordance with ASX Guidance Note 27.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

The Company has determined that its Key Management Personnel are its Directors and those employees directly reporting to the Managing Director.

Key Management Personnel are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

The purpose of these guidelines is to assist Key Management Personnel to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the *Corporations Act 2001* (Cth).

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## 1. WHAT TYPES OF TRANSACTIONS ARE COVERED BY THIS POLICY?

This policy applies to both the sale and purchase of any securities of the Company and its subsidiaries on issue from time to time.

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## 2. WHAT IS INSIDER TRADING?

### 2.1 Prohibition

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (ie information that is 'price sensitive'); and
- (b) that person:
  - (i) buys or sells securities in the Company; or
  - (ii) procures someone else to buy or sell securities in the Company; or
  - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

## 2.2 Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to materially affect the price of the Company's securities:

- (a) the Company considering a major acquisition;
- (b) the threat of major litigation against the Company;
- (c) the Company's revenue and profit or loss results materially exceeding (or falling short of) the market's expectations;
- (d) a material change in debt, liquidity or cash flow;
- (e) a significant new development proposal (e.g. new product or technology);
- (f) the grant or loss of a major contract;
- (g) a management or business restructuring proposal;
- (h) a share issue proposal;
- (i) an agreement or option to acquire an interest in a mining tenement, or to enter into a joint venture or farm-in or farm-out arrangement in relation to a mining tenement; and
- (j) significant discoveries, exploration results, or changes in reserve/resource estimates from mining tenements in which the Company has an interest.

## 2.3 Dealing through third parties

The insider trading prohibition extends to dealings by individuals through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as "**Associates**" in these guidelines).

## 2.4 Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information.

## 2.5 Employee share schemes

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

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## 3. GUIDELINES FOR TRADING IN THE COMPANY'S SECURITIES

### 3.1 General rule

Key Management Personnel must not, except in exceptional circumstances deal in securities of the Company during the following periods:

- (a) two weeks prior to, and 48 hours after the release of the Company's Annual Financial Report;

- (b) two weeks prior to, and 48 hours after the release of the Half Year Financial Report of the Company; and
  - (c) two weeks prior to, and 48 hours after the release of the Company's quarterly reports (if applicable),
- (together the **Closed Periods**).

The Company may at its discretion vary this rule in relation to a particular Closed Periods by general announcement to all Key Management Personnel either before or during the Closed Periods. However, if a Key Management Personnel is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at **any** time.

### **3.1 General Prohibition from Trade on any Person Possessing Inside Information**

Any person who possesses inside information about the Company's securities is generally prohibited from trading in those securities under insider trading laws. This applies even where the trade occurs within a permitted trading window as specified in this policy.

### **3.2 Ad Hoc Restrictions**

The Company reserves the right to impose ad hoc trading restrictions on securities during any period, including one that would otherwise fall within a permitted trading window under this policy, when it is considering a matter subject to ASX Listing Rule 3.1A. Ad hoc trading restrictions may apply to individual Key Management Personnel, to Key Management Personnel generally, or to anyone else affected by this policy. The communication of an ad hoc restriction is strictly limited to Key Management Personnel and any other employees who are directly involved in, or have knowledge of, the matter being considered under Listing Rule 3.1A.

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

Key Management Personnel should never engage in short-term trading of the Company's securities except for the exercise of options where the shares will be sold shortly thereafter.

### **3.4 Securities in other companies**

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

### **3.5 Hedging Transactions**

Key Management Personnel and their closely related parties are prohibited from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock, in accordance with the *Corporations Act 2001*. This policy prohibits any person affected by this policy from entering into a hedging transaction.

### **3.6 Margin Lending and Other Secured Financial Arrangements**

Key Management Personnel and other employees covered by this policy are required to disclose any margin lending or other secured financial arrangements to the Company, so that the board and senior management are not caught unaware if there is a default.



### 3.7 Exceptions

- (a) Key Management Personnel may at any time:
- (i) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
  - (ii) acquire Company securities under a bonus issue made to all holders of securities of the same class;
  - (iii) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
  - (iv) acquire, or agree to acquire or exercise options under an employee incentive scheme (as that term is defined in the ASX Listing Rules);
  - (v) withdraw ordinary shares in the Company held on behalf of the Key Management Personnel in an employee incentive scheme (as that term is defined in the ASX Listing Rules) where the withdrawal is permitted by the rules of that scheme;
  - (vi) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
  - (vii) transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
  - (viii) make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
  - (ix) where a restricted person is a trustee, trade in the securities of the Company by that trust, provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
  - (x) undertake to accept, or accept, a takeover offer;
  - (xi) trade under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
  - (xii) dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
  - (xiii) exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; or

- (xiv) trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.
- (b) In respect of any share or option plans adopted by the Company, it should be noted that it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs outside the periods specified in paragraph 3.1.

Were this is to occur at a time when the person possessed inside information, then the sale of Company securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge, a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

### **3.8 Notification of periods when Key Management Personnel are not permitted to trade**

The Company Secretary will endeavour to notify all Key Management Personnel of the times when they are not permitted to buy or sell the Company's securities as set out in paragraph 3.1.

### **3.9 Trading in Derivatives**

Trading by Key Management Personnel in derivative products issued over or in respect of the Company's securities raises the same issues and poses the same risks as trading by Key Management Personnel in securities. This policy extends to cover trading in derivatives as well.

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## **4. APPROVAL AND NOTIFICATION REQUIREMENTS**

### **4.1 Approval requirements**

- (a) Any Key Management Personnel (other than the Chairman) wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Chairman or the Board before doing so.
- (b) If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities, the Chairman must obtain the prior approval of the Board before doing so.

### **4.2 Approvals to buy or sell securities**

- (a) All requests to buy or sell securities as referred to in paragraph 4.1 must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.
- (b) Copies of written approvals must be forwarded to the Company Secretary prior to the approved purchase or sale transaction.

### **4.3 Notification**

Subsequent to approval obtained in accordance with paragraphs 4.1 and 4.2, any Key Management Personnel who (or through his or her Associates) buys, sells, or exercises rights in relation to Company securities **must** notify the Company Secretary in writing of the details of the transaction within two (2) business days of the transaction occurring. This notification obligation **operates at all times** and includes applications for

acquisitions of shares or options by employees made under employee share or option schemes and also applies to the acquisition of shares as a result of the exercise of options under an employee option scheme.

#### **4.4 Key Management Personnel sales of securities**

Key Management Personnel need to be mindful of the market perception associated with any sale of Company securities and possibly the ability of the market to absorb the volume of shares being sold. With this in mind, the management of the sale of any significant volume of Company securities (ie a volume that would represent a volume in excess of 10% of the total securities held by the seller prior to the sale, or a volume to be sold that would be in excess of 10% of the average daily traded volume of the shares of the Company on the ASX for the preceding 20 trading days) by a Key Management Personnel needs to be discussed with the Board and the Company's legal advisers prior to the execution of any sale. These discussions need to be documented in the form of a file note, to be retained by the Company Secretary.

#### **4.5 Exemption from Closed Periods restrictions due to exceptional circumstance**

Key Management Personnel who are not in possession of inside information in relation to the Company, may be given prior written clearance by the Managing Director (or in the case of the Managing Director by all other members of the Board) to sell or otherwise dispose of Company securities in a Closed Period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

#### **4.6 Severe financial hardship or exceptional circumstances**

The determination of whether a Key Management Personnel is in severe financial hardship will be made by the Managing Director (or in the case of the Managing Director by all other members of the Board).

A financial hardship or exceptional circumstances determination can only be made by examining all of the facts and if necessary obtaining independent verification of the facts from banks, accountants or other like institutions.

#### **4.7 Financial hardship**

Key Management Personnel may be in severe financial hardship if they have a pressing financial commitment that cannot be satisfied other than by selling the securities of the Company.

In the interests of an expedient and informed determination by the Managing Director (or all other members of the Board as the context requires), any application for an exemption allowing the sale of Company securities in a Closed Period based on financial hardship must be made in writing stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the person's accountant, bank and other such independent institutions (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

#### **4.8 Exceptional circumstances**

Exceptional circumstances may apply to the disposal of Company securities by a Key Management Personnel if the person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell securities of the Company, or there is some other overriding legal or regulatory requirement to do so.

Any application for an exemption allowing the sale of Company securities in a Closed Period based on exceptional circumstances must be made in writing and be

accompanied by relevant court and/or supporting legal documentation (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

#### **4.9 Position of the Company on Clearances to Trade**

The following statements apply to clearances to trade:

- (a) any clearance to trade can be given or refused by the Company in its discretion, without giving any reasons;
- (b) a clearance to trade can be withdrawn if new information comes to light or there is a change in circumstances;
- (c) the Company's decision to refuse clearance is final and binding on the person seeking the clearance; and
- (d) if clearance to trade is refused, the person seeking the clearance must keep that information confidential and not disclose it to anyone.

#### **4.10 Person Designated to Grant a Clearance for Trade**

There needs to be a person designated to grant a clearance for trade whose decision will be respected by the Key Management Personnel and who is in a position to know if the Company is:

- (a) about to release a periodic financial report or other financial data that might come as a surprise to the market;
- (b) about to make an announcement of market sensitive information under Listing Rule 3.1; or
- (c) considering a matter subject to Listing Rule 3.1A.

The person should also have a good understanding of the laws governing insider trading or is able to seek advice on that matter.

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### **5. ASX NOTIFICATION FOR DIRECTORS**

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

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### **6. EFFECT OF COMPLIANCE WITH THIS POLICY**

Compliance with these guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.