

**KASBAH RESOURCES LIMITED**  
**ACN 116 931 705**

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**CORPORATE GOVERNANCE POLICIES**

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## CORPORATE GOVERNANCE POLICIES

### 1. BOARD CHARTER

The Board of Directors is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company.

The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders. The specific responsibilities of the Board include:

- (a) appointment, evaluation, rewarding and if necessary the removal of the Managing Director, and Chief Financial Officer (or equivalent) and the Company Secretary;
- (b) in conjunction with management, development of corporate objectives, strategy and operations plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- (c) establishing appropriate levels of delegation to the Managing Director to allow him to manage the business efficiently;
- (d) monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company;
- (e) monitoring the performance of senior management including the implementation of strategy, and ensuring appropriate resources are available;
- (f) via management, an appreciation of areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks;
- (g) overseeing the management of safety, occupational health and environmental matters;
- (h) 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;
- (i) satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;

- (j) to ensure that appropriate internal and external audit arrangements are in place and operating effectively;
- (k) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
- (l) reporting to shareholders.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of committees. To this end the Board has established a Remuneration Committee and Audit Committee

The Board will consider the establishment of the following committees when it deems appropriate:

- (a) Nomination Committee; and
- (b) such special purpose committee(s) as deemed appropriate from time to time for specific purposes.

The Board does not have a separate nomination committee. The Board performs the functions that would be undertaken by a nomination committee. At present, the Board does not believe any efficiency or other benefits would be gained by establishing a separate nomination committee.

Each director has the right to seek independent professional advice on matters relating to his or her 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, directors the subject of a conflict of interest will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter.

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.

The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive directors.

There is a clear separation of duties between the Chairman and the Managing Director. The Managing Director is accountable to the Board for all authority delegated to the position.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- (a) Board approval and monitoring of a strategic plan;
- (b) approval of budgets and monitoring actual performance against budget; and

- (c) procedures are in place to incorporate presentations to each Board meeting by financial, operations, exploration and promotional management where applicable.

## 2. PROCEDURES FOR SELECTION AND APPOINTMENT OF DIRECTORS

The Board shall ensure that, collectively, it has the appropriate range and expertise to properly fulfil its responsibilities, including:

- (a) accounting and finance;
- (b) business development and risk management;
- (c) industry and public company experience; and
- (d) an appropriate ratio and skills matrix for executive and non-executive directors.

In the circumstances where the Board 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 Board's consideration and interview. The selection process will encourage visitation to or familiarisation of 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.

The Chairman regularly reviews the composition of the Board to ensure that the board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

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 general meeting. Shareholders are provided with relevant information on the candidates for re-election.

When appointed to the Board, a new director will receive an induction tailored to accommodate their industry knowledge, skills and experience.

### 3. CODE OF CONDUCT

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

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

#### GENERAL PRINCIPLES

1. Personnel of the Company must act honestly, in good faith and in the best interests of the Company as a whole.
2. Personnel 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. Personnel must recognise that their primary responsibility is to the Company's shareholders as a whole.
4. Personnel 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 Personnel 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. Personnel have an obligation, to comply with the spirit as well as the letter, of the law and with the principles of this code.

The Company views breaches of this code as serious misconduct. Personnel who have become aware of any breaches of this code must report the matter immediately to their line manager or the Company Secretary. The line manager or Company Secretary has the responsibility to report the breach to the appropriate senior management and to advise the relevant Personnel of the outcome and actions implemented.

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

Personnel 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, the personal interest of a director or a director's associates 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 value of its securities must not be used for any purpose other than valid Company requirements.

### ***Managing Director and Chief Financial Officer (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 of its business and the provision of innovative solutions within the mining and related industries.

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

#### **NOTIFICATION**

A copy of this Code is to be posted on the company's noticeboards at each location at which it operates and must be provided to Personnel upon appointment.

## 4. SECURITIES TRADING POLICY

Effective Date: 26 April 2007

Revised: 15 December 2010

### 1.0 *Purpose*

- (a) This policy sets out the requirements for directors, employees, consultants and contractors of Kasbah Resources Limited (“Kasbah” or “the Company”) and its related entities in relation to dealing in securities of Kasbah Resources Limited.
- (b) This policy has important implications for all directors, officers and employees. If you do not understand the implications of this policy or how it applies to you, you should raise the matter with the Managing Director or the Company Secretary before trading in any securities which may be affected by this policy or the law.
- (c) This policy only provides a summary of applicable legal and regulatory issues which are complex, and should therefore only be used as a general guide and not as legal advice.

### 2.0 *Insider Trading*

The Corporations Act 2001 prohibits Insider Trading.

If a person has information about securities and the person knows, or ought reasonably to know, that the information is inside information, it is illegal for the person to:

- (a) Deal in the securities;
- (b) Procure another person to deal in the securities; or
- (c) Give the information to another person (also known as “tipping”) who the person knows, or ought reasonably to know, is likely to:
  - (i) deal in the securities; or
  - (ii) procure someone else to deal in the securities.

Insider trading is a criminal offence. It is punishable by substantial fines and/or imprisonment or both. A company may also be liable if an employee or director engages in insider trading.

Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

### ***What is Inside Information?***

Inside information is information that:

- (a) Is not generally available; and
- (b) If it were generally available, would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the relevant securities.

Information is generally available if it:

- (a) Is readily observable;
- (b) Has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) Consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs above.

### **3.0 *The Trading Policy***

As a general rule, directors, officers and employees must not:

- (a) buy, sell or otherwise deal in Kasbah securities whilst in possession of price sensitive information;
- (b) advise, procure or encourage any other person to buy, sell or otherwise deal in Kasbah securities whilst in possession of price sensitive information;
- (c) pass on information to any person, if you know or ought to reasonably know that the person may use the information to buy, sell or otherwise deal (or procure another person to buy, sell or otherwise deal) in Kasbah securities.

### ***Company Securities***

- (a) Directors or officers are to obtain prior written approval from the Chairman (and the Chairman is required to confirm with the Managing Director that there is no market

sensitive information that has not been released), or in his absence the Managing Director, at least one day prior to the sale of securities in Kasbah held by the director or officer. Should the Chairman wish to sell securities he shall similarly notify the Managing Director at least one day prior to sale.

Employees or potential insiders are to obtain prior written approval from the Managing Director or in his absence, the Company Secretary, at least one day prior to the sale of securities in Kasbah held by the employee.

Where a director wishes to buy securities in Kasbah, the director is to obtain prior written approval from the Chairman or in his absence the Managing Director, prior to placing the buy order. Similarly the Chairman is to obtain prior written approval from the Managing Director in advance of the placing of a buy order.

Where an officer or employee wishes to buy securities in Kasbah, the officer or employee is to obtain prior written approval from the Managing Director prior to placing the buy order.

- (b) A director, officer or employee shall not trade securities in Kasbah if the director, officer or employee is aware of any information concerning Kasbah which has not been made public and/or which if made public, a reasonable person would expect to have a material impact on the price or value of Kasbah securities. Employees must inform the Managing Director of all market sensitive (material) information immediately after it is made available to the Company.
- (c) If the Chairman has received a request for either a sale or purchase of securities in Kasbah he is required to confirm in writing with the Managing Director or in his absence the Company Secretary that there is no market sensitive information that has not been released.

#### **4.0 Closed Period**

The following periods are considered a Closed Period and directors, officers and employees must not trade in the company securities;

- (a) The period 14 days immediately preceding the announcement of the Company's quarterly reports;
- (b) The period 14 days immediately preceding the Board meeting for the approval of the Company's half year and annual accounts; or

- (c) Any other periods advised by the Company

### **5.0 Definition**

This policy extends to directors, officers, employees or potential insiders (including such parties as advisors and consultants who have access to, or are involved with confidential information). This includes a director, officer or employee of Kasbah, the director's, officer's or employee's immediate family (includes a person or persons under the control or influence of the director, officer or employee) and related entities controlled by the director, officer or employee or members of the immediate family.

### **6.0 Exceptional Circumstances In Which Trading in a Closed Period Is Permitted**

For the purpose of this trading policy, the following dealing in securities is permitted during a closed period:

- (a) transfers of securities where the beneficial ownership of the securities does not change, e.g. the transfer of securities already held into a superannuation fund where the Person is a beneficiary;
- (b) the exercise of an option or a right, or the conversion of a convertible security, where the final date to exercise the option or right, or convert the security, falls during a prohibited period;
- (c) undertakings to accept, or acceptance of, takeover offers;
- (d) trading under an offer or invitation made to all or most of the Company's security holders such as a rights issue, security purchase plan, a dividend reinvestment plan or securities buy back.

Persons who are not in the possession of price sensitive information, may be given prior written clearance by the Chairman to sell or otherwise dispose of Kasbah securities during a prohibited period, where the person is in severe financial difficulties or other exceptional circumstances determined by the Board, such as required under a court order, in a bona fide family settlement, or some other overriding legal or regulatory requirement to do so.

## **7.0 Other Securities**

A director, officer or employee shall not trade securities of another company where the director, officer or employee is aware of:

- (a) Non-public information regarding investigations or negotiations being conducted by Kasbah or any of its related entities into that company; and/or
- (b) Non-public material information of a company in partnership with Kasbah.

## **8.0 Breach of Policy**

A breach of this policy by an employee may lead to disciplinary action. It may also be a breach of the law.

## **9.0 Assistance and Additional Information**

Employees who are unsure about any information they may have in their possession, and whether they can use that information for dealing in securities, should contact the Company Secretary or his designate on **(08) 9463 6651**.

## Securities Trading Policy – Clearance Request

In accordance with the Securities Trading Policy of the Kasbah Resources Limited, before dealing in any Company Securities, you are required to obtain clearance.

Please forward this request to the Company Secretary or his designate by fax no. **(08) 9461 6652** or by email to **toconnor@kasbahresources.com**

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

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

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

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

I request permission to trade the following securities which are proposed to be held by myself personally and/or other parties with whom I have an interest as follows:

Type of Security	Number of Securities	Buy/Sell/Exercise & Hold/ Exercise & Sell

I confirm that:

- a) it is not a closed period;
- b) I am not in possession of inside information;
- c) I will not deal in the above securities until I am notified that clearance is approved; and
- d) I may be refused permission to deal without explanation.

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

This form is valid for a period of 5 business days from the date of approval. After which time, clearance will lapse and a further request will need to be completed. This form will be returned to the applicant with the period of validation completed if approval has been granted.

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*For completion by the Company Secretary or his designate*

Approval for the above dealing has been:  cleared for a period of 5 business days  
 Refused

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

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

## 5. AUDIT COMMITTEE CHARTER

### ***Scope***

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

### ***Function***

The primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company. In addition, the Committee will:

- (a) oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and internal auditors (if and when appointed);
- (b) determine the independence and effectiveness of the external and internal auditors;
- (c) maintain open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
- (d) serve as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and
- (e) review the adequacy of the reporting and accounting controls of the Company.

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. The Committee will comprise:

- (a) at least three members;
- (b) only non-executive directors
- (c) a majority of independent directors;
- (d) an independent chairman appointed by the Board and who is not the Chairman of the Board; and
- (e) 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, the internal audit firm, 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 required by law;
- (b) monitor the integrity and effectiveness of financial reporting processes;
- (c) review and assess the external audit arrangements;
- (d) appoint, review and assess the internal audit arrangements, as applicable, and consider significant internal audit findings and management's responses and related actions;
- (e) review and ensure implementation of legislated major accounting changes;
- (f) 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

- (g) 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, re-appointment, 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.

The appointment of a new external audit firm will be placed before shareholders for ratification at the next annual general meeting after the appointment is made.

#### ***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 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.

## 6. CONTINUOUS DISCLOSURE POLICY

This policy outlines the disclosure obligations of the Company as required under the Corporations Act 2001 and the Australian Securities Exchange (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, including changes in the terms of employment of the Managing Director and the independence of directors;
- (c) mergers, acquisitions, divestments, joint ventures or material changes in assets;
- (d) significant developments in new projects or ventures;
- (e) material changes to the Company's security position;
- (f) material information affecting joint venture partners, customers or non-wholly owned subsidiary companies;

- (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.

#### ***Authorised spokespersons***

The Company's authorised spokesperson is the Managing Director, and in his absence, the Chairman and Company Secretary, as appropriate. 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 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.

Any written materials containing new price-sensitive information to be used in briefing media, institutional investors and analysts are to be lodged with ASX prior to the briefing commencing. Upon confirmation of receipt by ASX, the briefing material is to be posted to the Company's web-site. Briefing materials may also include information that may not strictly be required under continuous disclosure requirements.

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.

### ***Periods prior to release of financial results***

During the time between the end of the financial year or half year and the actual results release, the Company will not discuss financial performance, broker estimates and forecasts and, particularly, any pre-result analysis with stockbroking analysts, investors or the media, unless the information to be discussed has already been disclosed to the ASX.

### ***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) speeches and support material given at investor conferences or presentations;
- (d) company profile and company contact details; and
- (e) all written information provided to investors or stockbroking analysts.

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.

### ***Analysts reports and forecasts***

Stockbroking analysts frequently prepare reports on listed companies that typically detail their opinion on strategies, performance and financial forecasts. To avoid inadvertent disclosure of information that may affect the Company's value or share price. The Company's comments on analyst reports will be restricted to:

- (a) information the Company has issued publicly; and
- (b) other information that is in the public domain.

Given the level of price sensitivity to earnings projections, the Company will only make comment to correct factual errors in relation to information publicly issued by other parties and Company statements.

## 7. 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.kasbahresources.com](http://www.kasbahresources.com).

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) a section for the Company's corporate governance policies and practices;
- (b) a 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.

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

The Company's annual report is the major written communication by the Company to shareholders each year. Shareholders are provided with a concise annual report unless they elect to receive the full statutory report.

### ***Annual general meeting***

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) notices of meeting and other meeting material are drafted in concise and clear language;
- (c) 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;
- (d) notices of meetings encourage participation in voting on proposed resolutions by lodgement of proxies, if shareholders are unable to attend the meeting;
- (e) it is general practice for a presentation on the Company's activities to be made to shareholders at each annual general meeting; and
- (f) 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.

## **8. RISK MANAGEMENT AND INTERNAL COMPLIANCE AND CONTROL**

The Board determines the Company's risk profile based on recommendations from management. Management is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- (a) establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- (b) continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- (c) formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- (d) monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

Within the identified risk profile of the Company, comprehensive practices are in place that are directed towards achieving the following objectives:

- (a) effectiveness and efficiency in the use of the Company's resources;
- (b) compliance with applicable laws and regulations; and
- (c) preparation of reliable published financial information.

The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to report back on the efficiency and effectiveness of risk management.

The risk profile of the Company contains both financial and non-financial factors including material risks arising from pricing, competitive position, currency movements, operational efficiency, ore reserve replacement, fuel prices, ground water flows, product quality, environmental and investments in new projects.

To mitigate these risks, the Company competent management in all disciplines, a comprehensive management information system, an experienced Board, monthly Board meetings, six monthly financial and internal audits, rigorous appraisal of new investments and advisers familiar with the Company.

Management is responsible for the ongoing management of risk with standing instructions to apprise the Board of changing circumstances within the Company and within the international business environment.

## 9. REMUNERATION COMMITTEE CHARTER

### 1.0 *Establishment of Committee*

This charter sets out the basis on which the Board has established a Remuneration Committee pursuant to the Constitution.

### 2.0 *Interpretation*

Board: means the Board of Directors of Kasbah Resources Limited.

Committee: means the Remuneration Committee of the Board.

Company: means Kasbah Resources Limited.

Constitution: means the constitution of the Company.

Directors: means the members of the Board.

Members: means members of the Company.

Group: means Kasbah Resources Limited and its subsidiaries.

Senior Executive Team: means such members of the senior executive team charged with the responsibilities with managing the day to day affairs of the company.

Stock Exchange means the Australian Securities Exchange Limited.

or ASX:

### 3.0 *Objectives*

The Remuneration Committee Charter sets out the role, composition, authority, responsibilities and operations of the Remuneration Committee. The Committee assists the Board in establishing remuneration policies and practices which:

- (a) Enable the Group to attract and retain executives and Directors (executive and non-executive) who will create sustainable value for Members and other stakeholders;
- (b) Fairly and responsibly reward executives and Directors having regard to the performance of the Group, the performance of the executive and the external compensation environment; and
- (c) Comply with all relevant legislation and regulations including the ASX Listing Rules and Corporations Act.

#### **4.0 Committee Membership**

##### **Structure**

- (a) The Committee will consist of at least two members, each of whom will be appointed or removed by the Board, in Consultation with the chair of the Committee (other than in the respect of the Chair's own appointment or removal).
- (b) A majority of the members of the Committee must be Non-Executive Directors, as determined by the Board.
- (c) The chair of the Committee (other than a chair elected upon absence of the official chairman)
  - (i) will be elected by the Board; and
  - (ii) must be a member of the Committee.

#### **5.0 Expertise**

At least one member of the Committee must have an understanding of remuneration policies and practices.

#### **6.0 Company Secretary**

The Company Secretary will act as Secretary to the Committee, unless otherwise determined by the Committee.

#### **7.0 Proceedings**

##### **Frequency**

- (a) The Committee will meet as often as it considers necessary but at least once every calendar year.
- (b) Any member may call a meeting of the Committee.

#### **8.0 Notice**

The dates, times and venues of each meeting of the Committee will be notified by the Secretary to all members of the committee as far in advance as possible.

#### **9.0 Supporting Papers**

Supporting papers for each meeting of the Committee will be distributed by the Secretary to all members of the Committee as far in advance as possible and where possible by the last working day of the week preceding the meeting.

#### **10.0 Attendance**

- (a) Only members of the Committee are entitled to be present at the Committee meeting.
- (b) The committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate. In particular, the Committee may meet with:

- (i) external advisers;
- (ii) any executive or other employee including any Executive Director; or
- (iii) any other Non-Executive Director, any may do so with or without executive management present.

#### **11.0 Quorum**

A quorum for a meeting of the Committee is two members. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers or discretions vested in or exercisable by, the Committee.

#### **12.0 Chair**

- (a) In the absence of the Chair, the remaining members will elect one of their number as Chair of the meeting.
- (b) The Chair of the Committee does not have a casting vote.

#### **13.0 Constitution**

Proceedings of the Committee will be governed by the provisions of the Constitutions, in so far as they may be applicable.

#### **14.0 Minutes**

Minutes of meetings of the Committee, signed by the Chairman, will be distributed to members as soon as practicable following the meeting and tabled for discussion at the next Committee and/or Board meeting.

#### **15.0 Authorities**

##### **Access**

The Committee has unrestricted access to executive management, all employees and all Company records and to financial and legal advisers.

#### **16.0 Independent Advice**

The Committee or any member of the Committee is authorised to obtain (at the cost of the Company) outside legal or other independent professional advice, and to secure the attendance of such advisers if it is considered necessary for the proper performance of the Committee's functions under this Charter. The member should first contact the Chair of the Committee and the Secretary who will, if required by the Chairman or by the member, assist in procuring that professional advice.

#### **17.0 Duties and Responsibilities**

Without limiting its role, the specific duties and responsibilities of the Committee include the following:

### **17.1 Executive Remuneration Policy**

The Committee will:

- (a) Determine and agree with the Board the board policy for the remuneration of the Managing Director/Chief Executive Officer, Chief Financial Officer and Company Secretary;
- (b) Review the on-going appropriateness and relevance of the executive remuneration policy; and
- (c) Ensure that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with.

### **17.2 Executive Directors and Senior Management**

The Committee will:

- (a) Report to the Board regarding the remuneration for each Executive Director (including base pay, incentive payments, equity awards and retirement or severance rights), having regard to the executive remuneration policy and whether respect of any elements of remuneration any shareholder approvals are required;
- (b) Review the proposed remuneration (including incentive awards, equity awards and service contracts) for Senior Executive Team, to ensure that it is consistent with the executive remuneration policy;
- (c) Review contractual rights of the Senior Executive Team on termination, and any payments made or proposed, to determine whether they are reasonable in the circumstances; and
- (d) Review the depth of the Senior Executive Team and the appropriateness of succession planning policies which are in place.

### **17.3 Cash-Based Executive Incentive Plans**

Insofar as they impact on the Executive Directors, the Committee will:

- (a) Review and approve the underlying principles of, and determine targets for, all such executive incentive plans; and
- (b) Review and approve the total proposed payments from all such executive incentive plans.

### **17.4 Equity-Based Incentive Plans**

The Committee will investigate and recommend:

- (a) The underlying principles of all equity-based plans for approval by the Board;
- (b) All equity based plans in light of legislative, regulatory, taxation and market developments;
- (c) For each equity-based plan, all awards which are proposed under that plan with a view to ensuring compliance with the rules of the relevant plan and the policies of the Committee and the Board in respect of that plan;
- (d) The total proposed awards under each plan;

- (e) The life of each grant of awards, provided that the life of any such award must not exceed 10 years;
- (f) The conditions of grant applicable to each equity-based incentive plan;
- (g) Amendments to the rules which are proposed for approval, as permitted under the rules of the plans; and
- (h) The proposed exercise of any discretion under a plan and make such determinations as required to be made under the rules of each plan.

### **17.5 Non-Executive Directors' Remuneration**

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The maximum aggregate remuneration approved for Directors is currently \$250,000, as stated in the 2007 Prospectus, or as otherwise approved by shareholders at a general meeting of the Company.

The remuneration of the Non-Executive Directors will be approved by the Board, excluding in each case, any Director or Directors with an immediate conflict of interest. The Board may request that the Committee, management or external advisers provide any information required to assist the Board in making its decision.

Non Executive Directors are not permitted to be provided with retirement benefits other than statutory superannuation.

### **18.0 Board Approvals**

The Board must approve the following (subject to recommendation by the Committee where required under this Charter):

- (a) The executive remuneration policy;
- (b) The remuneration report to be included in the annual report and accounts;
- (c) The design of all equity-based incentive plans; and
- (d) The remuneration of the Non-Executive Directors as set out in the paragraph above.

### **19.0 Committee Approvals**

The Committee must approve the following prior to recommendation to the Board:

- (a) Changes to the remuneration or contract terms of the Managing Director/Chief Executive Officer and the Chief Financial Officer & Company Secretary;
- (b) The design of new executive equity or cash-based incentive plans and any amendments to current plans;
- (c) The total level of award proposed from equity-based plans or executive cash-based incentive plans; and
- (d) Termination payments to Managing Director/ Chief Executive Officer and the Chief Financial Officer & Company Secretary.

**20.0      *Special Projects***

The Committee may undertake any special projects or investigations which the Committee considers necessary, or as may be requested by the Board.

**21.0      *Reporting to the Board***

The Chair of the Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board at its next meeting regarding all material matters relevant to the Committee's duties and responsibilities.

**22.0      *Review of this Charter***

The Remuneration Committee Charter is reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities with significant changes recommended for approval by the Board.

## 10. NOMINATION COMMITTEE CHARTER

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

The Nomination Committee is a committee that the Board may approve to be established at any time, if considered necessary.

Any such Nomination Committee (Committee) established will have as its principal functions:

- (a) to review the composition of the Board and ensure that the Board has an appropriate mix of skills and experience to properly fulfil its responsibilities; and
- (b) to ensure that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

### ***Composition***

The Committee shall comprise at least three directors, the majority of whom must be non-executive directors and one of whom must be the Chairman of the Board. The Chairman of the Board will be appointed as 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 teleconference 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, determine how the candidates can contribute to the strategic direction of the Company;
- (b) approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
- (c) assess and consider the time required to be committed by a non-executive director to properly fulfil their duty to the Company and advise the Board.
- (d) consider and recommend to the Board candidates for election or re-election to the Board at each annual shareholders' meeting;
- (e) review directorships in other public companies held by or offered to directors and senior executives of the Company;
- (f) review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board;
- (g) make recommendations to the Board on the appropriate size and composition of the Board; and
- (h) make recommendations to the Board on the terms and conditions of appointment to, and removal and retirement from the Board.

## 11. DIVERSITY POLICY

### ***Introduction***

Kasbah Resources Limited (“Company”) is committed to workplace diversity. The Company recognises the benefits arising from employee and board diversity, including a broad pool of high quality employees, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations (ASX Principles)*.

### ***Objectives***

The Diversity Policy provides a framework for the Company to achieve:

- (a) a diverse and skilled workforce, with the aim of leading to continuous improvement and achievement of corporate goals;
- (b) a workplace culture characterised by inclusive practices and behaviours;
- (c) equal employment and career development opportunities for all staff, regardless of gender or cultural background; and
- (d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

(collectively, the “Objectives”).

The Diversity Policy does not impose on the Company, its directors, officers, agents or employees any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction. In particular, the Diversity Policy does not detract from the duties of the directors and officers of the company to exercise their powers and discharge their duties in good faith in the best interests of the Company.

### ***Responsibilities***

As the Company progresses through its stages of development, the Board is responsible for the application of measurable objectives and strategies to meet the Objectives of the Diversity Policy (“Measurable Objectives”). If or when Measurable Objectives are implemented the monitoring of the progress of Measurable Objectives will be through the monitoring, evaluation and reporting mechanisms listed below.

### ***Monitoring And Evaluation***

The Board, with the assistance of the Company Secretary, will monitor the scope and currency of this policy.

### ***Reporting***

If or when Measurable Objectives are implemented, the Managing Director will report to the Board on progress against the Measurable Objectives on an annual basis.