

ASX / Media Release

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ASX code: **K2F**

Updated Corporate Governance Manual

K2fly Limited (**K2fly** or the **Company**) is pleased to release an updated corporate governance manual in line with the Company's review policy. The Share Trading Policy has been updated to apply to all personnel of K2F.

ENDS

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About K2fly

K2fly Ltd is an ASX listed Technology company which targets asset intensive industries. It supplies people and products, and has strategic alliances focussed on solving problems for clients.

K2fly owns the following technologies for use in Tier 1 companies:

Infoscope: A Data Collaboration solution
ADAM: Asset Data Analysis Management
NovIn: Real Time Asset Inspection Management App
DocMan: Mobility Solution: Task Management App
TagMan: Mobility Solution: Asset Verification App

K2fly also re-sells market leading software which has been developed by industry leaders in the USA, Australia, Europe and the UK. These solutions come from OBI Partners (USA), Kony (USA), Pointerra Limited (Aus), ABB (Switzerland) and Capita plc (UK), where they have an outstanding track record of delivering benefits to clients. K2fly has strategic alliances with global technology companies such as: GE(USA) and SAP (Germany).

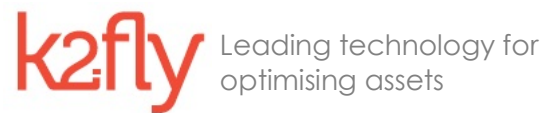
In addition, K2fly provides cutting edge advice, consultancy and services when it deploys its subject matter experts who have extensive domain knowledge in such areas as Rail, Electricity, Gas, Water, Mining, Oil & Gas, Facilities Management, Aviation and Defence.

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K2FLY LIMITED

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CORPORATE GOVERNANCE PLAN

VERSION 1.0

Approved on 30 June 2015

Updated 6 November 2017

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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 (or Chief Executive Officer), 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 (or Chief Executive Officer) 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 and occupational;
- (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.

The Board retains full responsibility for guiding and monitoring the Company. While in discharging its stewardship the Board may make use of committees in the future, the Board currently intends that the functions and responsibilities of the following committees will be performed by the Board:

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

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

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

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 (or the Chief Executive Officer). The Board ensures that the Managing Director (or the Chief Executive Officer) and the management team is appropriately qualified and experienced to discharge their responsibilities and will put in place procedures to assess the performance of the Managing Director (or the Chief Executive Officer) and executive directors.

Where appropriate the roles of Chairman and Managing Director are not combined. The Managing Director (or the Chief Executive Officer) 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 will put in place a number of mechanisms 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 to be put in place to incorporate presentations covering key relevant areas of the Company's operations to each Board meeting by financial, operations and marketing management.

This policy is reviewed **annually**.

2. PROCEDURES FOR SELECTION AND APPOINTMENT OF DIRECTORS

Over time the Board shall work towards ensuring, collectively, it has the appropriate range and expertise to properly fulfil its responsibilities, including:

- (a) accounting and legal;
- (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 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 Board structure and size is reviewed to ensure it is appropriate for the size of the Company appropriate to provide the balance of skills and experience necessary for the conduct of the Company's activities.

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 annual 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 appropriate to their experience.

This policy is reviewed **annually**.

3. CODE OF CONDUCT

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

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

GENERAL PRINCIPLES

1. Employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole.
2. Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment.
3. Employees must recognise that their primary responsibility is to the Company's shareholders as a whole.
4. Employees must not take advantage of their position for personal gain, or the gain of their associates.
5. Directors have an obligation to be independent in their judgements.
6. Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission from the Company.
7. Employees have an obligation, to comply with the spirit as well as the letter, of the law and with the principles of this code.

The Company views breaches of this code as serious misconduct. Employees who have become aware of any breaches of this code must report the matter immediately to 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 employee of the outcome and actions implemented.

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

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

DIRECTORS

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

Fiduciary duties

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

Duties of directors

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

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

Conflict of interest

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

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

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

Insider trading

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

Managing Director (or Chief Executive Officer) and CFO

It is the responsibility of both the Managing Director (or the Chief Executive Officer) 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 relevant and related industry. This is achieved by:

- (a) keeping the market informed of its corporate strategy and business development progress;
- (b) keeping the market informed of its partnerships that are in place and the strategy for actively developing and exploiting these key commercial arrangements;
- (c) actively progressing its corporate strategy through the award of material new client contracts and contract extensions; and
- (d) seeking new opportunities in the industry with software that complements the existing business of the Company and allows the Company to expand on its existing business and enhance its software offering.

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) maintains good relationships with suppliers and the local community; and
- (d) is honest, lawful and moral.

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

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Compliance with both the letter and spirit of all laws, rules and regulations applicable to our business is critical to our reputation and continued success. Employees must avoid even the appearance of impropriety. When in doubt, check with an officer or director of the Company or seek advice from the Company's legal counsel. All employees must respect and obey the laws of the cities, provinces, states and countries in which we currently operate and in which the Company has an obligation to report in the future.

SAFETY AND HEALTH

We are all responsible for maintaining a safe workplace by following safe and healthy work practices, as well as by adhering to all Federal and Provincial Health and Safety Standard laws and regulations. The Company is committed to keeping its workplace free from hazards. Employees must report any accidents, injuries, unsafe equipment, practices or conditions immediately to a supervisor or designated person. If at any time an employee feels that there is a safety risk, the employee has a right to stop work and report the safety risk.

In order to protect the safety of all employees, employees must report to work free from the influence of any substance that could prevent them from conducting

work activities safely and effectively, such as, but not limited to the influence of alcohol, drugs (legal or otherwise), or prescription medications that may impair the employee's ability to function safely and effectively.

All employees are required to respect the health, safety and environment of other employees and the community in which they work. Threats or acts of violence or physical intimidations are strictly prohibited.

DISCRIMINATION AND HARASSMENT

We value the diversity of our employees and are committed to providing a work environment that allows all employees to pursue their careers free from discrimination, harassment and abuse. The development and maintenance of a positive working environment is essential, and treating all colleagues with respect and dignity is mandatory. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Examples include but are not limited to; derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. Every employee has the right to work in an environment free from any form of harassment or bullying. Employees are expected to speak out when a co-worker's conduct makes them uncomfortable, and to report harassment to a member of management if it occurs.

Equal Opportunity

The Company is an equal opportunity employer and employees shall not discriminate against any person based on the person's race, colour, ethnicity, age, religion, creed, gender, marital status, family status, pregnancy, sexual orientation, physical disability, mental disability or any other prohibited ground of discrimination defined by the legislative jurisdiction in which the Company operates. The foregoing requirement does not apply with respect to an employee selection process based upon a bona fide occupational requirement.

This policy is reviewed **annually**.

4. SECURITIES TRADING POLICY

INTRODUCTION

These guidelines set out the policy on the sale and purchase of securities in the Company by its Personnel.

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 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).

DEFINITIONS

In this policy:

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, Company Secretaries and those employees directly reporting to the Managing Director (or the Chief Executive Officer).

Personnel includes officers, employees, contractors or agents of the Company.

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.

WHAT IS INSIDER TRADING?

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 (i.e. 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.

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 another business; and
- (j) significant contract awards, results, or changes in profit guidance estimates.

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).

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.

Confidential Information

Employees and directors also have a duty of confidentiality to the Company. A person must not reveal any confidential information concerning the Company, use that information in any way which may cause loss to the Company, or use that information to gain an advantage for themselves or anyone else.

Limiting Risk

Employees, directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the company without first seeking and obtaining written acknowledgement from the Chairman.

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.

GUIDELINES FOR TRADING IN THE COMPANY'S SECURITIES

General rule

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

- (a) In the seven (7) days prior to, and 48 hours after the release of the Company's Annual Financial Report;
- (b) In the seven (7) days prior to, and 48 hours after the release of the Consolidated Interim Financial Report of the Company; and
- (c) In the seven (7) days prior to, and 48 hours after the release of the Company's quarterly reports.

(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 Personnel either before or during the Closed Periods.

Permission Required

Personnel must **not**, except in exceptional circumstances, deal in securities of the Company without receiving approval in accordance with the process detailed below.

Price Sensitive Information

However, if any 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.

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.

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.

Exceptions

- (a) 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 of 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), such as a Company Share Option Plan;
 - (v) withdraw ordinary shares in the Company held on behalf of the 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 Closed Periods.

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.

Notification of periods when Personnel are not permitted to trade

The Company Secretary will endeavour to notify all Personnel of the times when they are not permitted to buy or sell the Company's securities.

APPROVAL AND NOTIFICATION REQUIREMENTS

Approval requirements

- (a) Any Personnel (other than Key Management Personnel) wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Managing Director or Company Secretary before doing so.
- (b) Any Key Management Personnel (other than the Managing Director or Executive Chairman) wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Managing Director, or the Executive Chairman in the event that there is no Managing Director, and one other Director before doing so.
- (c) If the Managing Director or Executive Chairman, as the case may be, wishes to buy, sell or exercise rights in relation to the Company's securities, the Managing Director or Executive Chairman, as the case may be, must obtain the prior approval of the Board of at least 2 other directors before doing so.

Approvals to buy or sell securities

- (a) All requests to buy or sell securities 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.

Notification

Subsequent to approval obtained in accordance with this policy, any 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** but 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.

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 (i.e. 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.

Exemption from Closed Periods restrictions due to exceptional circumstance

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 the Executive Chairman (or in the case of the Managing Director or Executive Chairman 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.

Severe financial hardship or exceptional circumstances

The determination of whether a Personnel is in severe financial hardship will be made by the Managing Director or the Executive Chairman (or in the case of the Managing Director or Executive Chairman 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.

Financial hardship

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 Executive Chairman (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.

Exceptional circumstances

Exceptional circumstances may apply to the disposal of Company securities by a 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.

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.

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.

5. AUDIT COMMITTEE CHARTER

While the Company is not of a sufficient size at this stage to require a separate Audit Committee, at a time appropriate to the needs of the Company it is envisaged that an Audit Committee shall be set up according to the details as follows. At this stage, the Board of the Company shall constitute the Audit Committee. The following charter shall apply to the extent that it is relevant to the size of the Company.

Scope

The Audit Committee shall be 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 shall be 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;
- (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 and review the composition of the Committee at least annually. The Committee will comprise:

- (a) at least three members;
- (b) a majority, where possible, of non-executive directors whom are independent;
- (c) where possible, an independent chairman appointed by the Board and who is not the Chairman of the Board; and

- (d) where possible, members with sufficient financial skills and experience relevant to the committee's functions.

Meetings

The Committee shall:

- (a) meet as frequently as required but at least two times per year; and
- (b) the minimum quorum for a committee meeting is two members.

The secretary of the Committee is the Company Secretary;

Authority

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

- (a) has unrestricted access to the external auditors, 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 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 in accordance with legislative requirements.

Management sign-off procedure

The Audit Committee will ensure that the Managing Director or Chief Executive Officer 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.

This policy is reviewed every **two years**.

6. CONTINUOUS DISCLOSURE POLICY

This policy outlines the disclosure obligations of the Company as required under the Corporations Act 2001 and the ASX Listing Rules. The policy is designed to ensure that procedures are in place so that the stock market in the 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 or Executive Chairman 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 or Executive Chairman and Company Secretary, any matters regarding disclosure issues are to be referred to the Board or the Finance Director.

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 or Chief Executive Officer and the independence of directors;
- (c) mergers, acquisitions, divestments or material changes in assets;
- (d) significant developments in new ventures;
- (e) material changes to the Company's security position;
- (f) material information affecting 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 or Executive Chairman, and Company Secretary. In appropriate circumstances, the Managing Director or Executive Chairman 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.

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, where appropriate, 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 or Executive Chairman 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 lodged with ASX prior to the briefing commencing. Upon confirmation of receipt by ASX, the briefing material is 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 shall feature 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; and
- (d) company profile and company contact details.

Announcements lodged with the ASX will be placed on the Company's web-site as soon as practicable after ASX confirms receipt of that information.

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.

This policy is reviewed **annually**.

7. SHAREHOLDERS COMMUNICATION POLICY

The Company recognises the value of providing current and relevant information to its shareholders.

The Managing Director or Executive Chairman 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 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.k2fly.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 shall include the following sections, which contain relevant information for shareholders:

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

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 shall place the full text of notices of meeting and explanatory material on the web-site.

Written communication and annual report

The annual report of the Company is the major written communication by the Company to shareholders each year.

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.

This policy is reviewed **annually**.

8. RISK MANAGEMENT AND INTERNAL COMPLIANCE AND CONTROL

Management determines the Company's risk profile and 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 shall include:

- (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, inter alia, by benchmarking the Company's performance against industry standards.

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, investments in new companies / technologies.

To mitigate these risks, the Company intends to put in place a broad range of risk management policies and procedures including regular Board meetings, six monthly financial and internal audits, rigorous appraisal of new investments, advisers familiar with the Company and an internal audit function.

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

This policy is reviewed every **two years**.

9. PERFORMANCE EVALUATION PRACTICES

As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies and the aggregate amount of fees approved by shareholders. The Board also reviews the appropriate criteria for Board membership collectively.

The Board shall establish formal processes to review its own performance and the performance of individual directors and the committees of the Board, annually.

Board

A process shall be established to review and evaluate the performance of the Board. The Board shall be required to meet annually with the specific purpose of reviewing the role of the Board, assessing its performance over the previous 12 months, including comparison with others, and examining ways in which the Board can better perform its duties. The review will incorporate the performance of the Board.

The annual review includes consideration of the following measures:

- (a) comparison of the performance of the Board against the requirements of the Board charter;
- (b) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- (c) review the Board's interaction with management;
- (d) identification of any particular goals and objectives of the Board for the next year;
- (e) review the type and timing of information provided to the directors; and
- (f) identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation will be set by the Board and which may include a Board self-assessment checklist to be completed by each director. The Board may also use an independent adviser to assist in the review.

Committees

Similar procedures to those for the Board review are applied to evaluate the performance of each of the Board committees.

An assessment will be made of the performance of each committee against each charter and areas identified where improvements can be made.

Non-executive directors

The Chairman will have primary responsibility for conducting performance appraisals of non-executive directors in conjunction with them, having particular regard to:

- (a) contribution to Board discussion and function;
- (b) degree of independence including relevance of any conflicts of interest;
- (c) availability for and attendance at Board meetings and other relevant events;
- (d) contribution to Company strategy;
- (e) membership of and contribution to any Board committees; and
- (f) suitability to Board structure and composition.

Where the Chairman, following a performance appraisal, considers that action must be taken in relation to a director's performance, the Chairman must consult with the remainder of the Board regarding whether a director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a director be put to shareholders.

Managing Director (or Chief Executive Officer)

The Board will annually review the performance of the Managing Director or Chief Executive Officer. At the commencement of each financial year, the Board and the Managing Director or Chief Executive Officer will agree a set of generally Company specific performance measures to be used in the review of the forthcoming year.

These will include:

- (a) financial measures of the Company's performance;
- (b) the extent to which key operational goals and strategic objectives are achieved;
- (c) development of management and staff;
- (d) compliance with legal and Company policy requirements; and
- (e) achievement of key performance indicators.

Senior executives

The Managing Director or Executive Chairman is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a formal meeting with each senior executive.

The basis of evaluation of senior executives will be on agreed performance measures.

This policy is reviewed **annually**.

10. REMUNERATION COMMITTEE CHARTER

At this stage the Board of Directors shall carry out the principle functions of the Remuneration Committee. The charter below describes the goals to which the Company shall aspire in relation to its remuneration strategies when the Company is of a sufficient size to warrant it. In the meantime the charter will be adhered to, to the extent to which it is relevant.

Functions and responsibilities

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

- (a) to review and recommend to the Board the overall strategies in relation to executive remuneration policies;
- (b) to review and make recommendations to the Board in respect of the compensation arrangements for the Managing Director or Chief Executive Officer, all other executive directors and all non-executive directors;
- (c) to review the effectiveness of performance incentive plans; and
- (d) to review and make recommendations to the Board in respect of all equity based remuneration plans.

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

Composition

The Committee shall comprise at least three members of the Board the majority of whom where possible will be non-executive directors. Directors serving on the Remuneration Committee should have diverse, complementary backgrounds. The Chairman of the Committee shall, where possible, be an independent director.

The Company Secretary will be the secretary of the Committee and will act as the principal liaison between executive management and the committee on remuneration matters.

Meetings

The Committee shall meet as frequently as required, but at not less than annually.

The Committee shall have access to professional advice.

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

Remuneration policy

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

General director remuneration

Shareholder approval must be obtained in relation to the overall limit set for directors' fees. The directors shall set individual Board fees within the limit approved by shareholders.

Shareholders must also approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

Executive remuneration

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

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

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

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

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

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

- (a) salary - executives director and senior manager receive a fixed sum payable monthly in cash;
- (b) bonus - executive directors and nominated senior managers are eligible to participate in a profit participation plan if deemed appropriate;
- (c) long term incentives - executive directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues

generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and

- (d) other benefits - executive directors and senior managers are eligible to participate in superannuation schemes.

Remuneration of other executives consists of the following:

- (a) salary - senior executive receives a fixed sum payable monthly in cash;
- (b) bonus - each executive is eligible to participate in a profit participation plan if deemed appropriate;
- (c) long term incentives - each senior executive may participate in share option schemes which have been approved by shareholders; and
- (d) other benefits – senior executive are eligible to participate in superannuation schemes.

Non-executive remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for directors is currently \$150,000 (as per clause 13.8 of the Constitution).

It is recognised that non-executive directors' remuneration is ideally structured to exclude equity based remuneration. However, whilst the Company remains small and the full Board, including the non-executive directors, are included in the operations of the Company more intimately than may be the case with larger companies the non-executive directors are entitled to participate in equity based remuneration schemes.

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

Performance Rights plan

Performance incentives may be offered to executive directors and senior management of the Company through the operation of a performance rights plan at the ultimate discretion of the Board.

This policy is reviewed **annually**.

11. **NOMINATION COMMITTEE CHARTER**

At this stage the Board of Directors shall carry out the principle functions of the Nomination Committee. The charter below describes the goals to which the Company shall aspire in relation to its nomination strategies when the Company is of a sufficient size to warrant it. In the meantime the charter will be adhered to, to the extent to which it is relevant.

Functions and responsibilities

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

- (a) 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) 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, where possible, will be non-executive directors, one of whom will be appointed the Committee Chairman. The Board may appoint additional directors to the Committee or remove and replace members of the Committee by resolution.

The Company Secretary shall be the Secretary of the Committee and shall attend meetings of the Committee as required.

Meetings

The Committee will meet at least once a year and additionally as circumstances may require. Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.

Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals may be held or concluded by way of a circular written resolution or conference call.

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

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

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

Access

Members of the Committee have rights of access to the books and records of the Company to enable them to discharge their duties as Committee members,

except where the Board determines that such access would be adverse to the Company's interests.

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

Responsibilities

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

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

This policy is reviewed every **two years**.