



ADX Energy Ltd

Corporate Governance Manual

Approved 23 December 2015



Corporate Governance Manual

Table of Contents

| | |
|--|-----------|
| PRINCIPLE #1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT..... | 2 |
| PRINCIPLE #2: STRUCTURE THE BOARD TO ADD VALUE | 6 |
| PRINCIPLE #3: ACT ETHICALLY AND RESPONSIBLY | 9 |
| PRINCIPLE #4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING..... | 10 |
| PRINCIPLE #5: MAKE TIMELY AND BALANCED DISCLOSURE..... | 12 |
| PRINCIPLE #6: RESPECT THE RIGHTS OF SECURITY HOLDERS | 13 |
| PRINCIPLE #7: RECOGNISE AND MANAGE RISK | 15 |
| PRINCIPLE #8: REMUNERATE FAIRLY AND RESPONSIBLY..... | 19 |
| | |
| SCHEDULE A – CODE OF CONDUCT..... | 23 |
| SCHEDULE B – SECURITY TRADING POLICY..... | 25 |
| SCHEDULE C – DIVERSITY POLICY | 34 |
| SCHEDULE D – MARKET DICLOSURE POLICY | 36 |



ASX Principles of Corporate Governance and Recommendations

Principle #1: Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of its Board and management and how their performance is monitored and evaluated.

- Recommendation 1.1:* A listed entity should disclose:
- (a) the respective roles and responsibilities of its board and management; and*
 - (b) those matters expressly reserved to the board and those delegated to management.*
- Recommendation 1.2:* A listed entity should:
- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*
 - (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or reelect a director.*
- Recommendation 1.3:* A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.
- Recommendation 1.4:* The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.
- Recommendation 1.5:* A listed entity should:
- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
 - (b) disclose that policy or a summary of it; and*
 - (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:*
 - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
 - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.16.*
- Recommendation 1.6:* A listed entity should:
- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
 - (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*
- Recommendation 1.7:* A listed entity should:
- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and*
 - (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*
-



Roles and Responsibilities of the Board

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

1. **Strategy** - Providing strategic guidance to the Group, including contributing to the development of and approving the corporate strategy;
2. **Financial performance** Approving budgets and cash flow forecasts, monitoring management and financial performance;
3. **Financial reporting and audits** Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditor;
4. **Leadership selection and performance** Appointment, performance assessment and removal of the Managing Director and/or Chief Executive Officer. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
5. **Remuneration** Management of the remuneration and reward systems and structures for executive management and staff;
6. **Risk management** Ensuring that appropriate risk management systems and internal controls are in place; and
7. **Relationships with the exchanges, regulators and continuous disclosure** Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

Roles and Responsibilities of the Senior Executives (including Executive Directors)

The Board has delegated to management responsibility for:

- **Strategies.** Assisting in developing and implementing corporate strategies and making recommendations where necessary;
- **Leadership selection and performance.** Appointing management where applicable and setting terms of appointment and evaluating performance;
- **Budgets.** Developing budgets and managing day-to-day operations within budget;
- **Risk Management.** Maintaining risk management frameworks; and
- **Communication.** Keeping the Board and market informed of material events



Appointment of New Directors

Refer to Principle#2 for details on the structure and composition of the Board.

All new non-executive directors are required to sign a letter of appointment which sets out the key terms and conditions of their appointment, including roles and responsibilities, time commitments and remuneration. Executive directors and other senior executives enter into an employment agreement which governs the terms of their appointment.

The Board undertakes appropriate checks prior to nominating a director for election by shareholders. These checks include a police and reference checks. Shareholders are provided with all material information in its possession concerning a director standing for election or re-election in the relevant notice of meeting.

Company Secretary

- (a) When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committees and between senior executives and non-executive Directors.
- (b) The Company Secretary is to facilitate the induction of new Directors.
- (c) The Company Secretary is to facilitate the implementation of Board policies and procedures.
- (d) The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the ASX Listing Rules and applicable other laws.
- (e) All Directors have access to the advice and services provided by the Company Secretary.
- (f) The Board has the responsibility for the appointment and removal of the Company Secretary.

Evaluating Performance of the Board

The Board, in the absence of a Nomination Committee, shall meet at least annually to review its performance annually, particularly the composition to:

1. Determine the appropriate balance of skills and experience required to suit the Company's current and future strategies;
2. Compare the requirements in (1) above against the skills and experience of current Directors and executives;
3. Assess the independence of each Director; and
4. Recommending any changes to Board procedures, Committees or the Board composition.

Evaluating Performance of the Directors and Company Secretary

The Board meets once a year with the specific purpose of conducting a review of the performance of its Directors and Company Secretaries. This review includes:

- Measuring the contribution and performance of each Director; and
- Assessing any education requirements or opportunities.



Those Directors being reviewed are asked to leave the meeting during the review process.

Evaluating Performance of Senior Executives

The Board meet at least annually to review the performance of senior executives, considerations include the following:

1. The performance of the senior executive in supplying the Board with information in a form, timeframe and quality that enables the Board to effectively discharge its duties;
2. Feedback from other senior executives; and
3. Any particular concerns regarding the senior executive.

Diversity Policy

Refer to Schedule 3.

Trading in ADX Securities by Directors, Officers and Employees

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares. This Trading Policy is attached as Schedule B to this Corporate Governance Manual.

ASX Principles of Corporate Governance and Recommendations

Principle #2: Structure the Board to add Value

A listed entity should have a Board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

- Recommendation 2.1:* *The board of a listed entity should:*
- (a) have a nomination committee which:*
 - (1) has at least three members, a majority of whom are independent directors; and*
 - (2) is chaired by an independent director, and disclose:*
 - (3) the charter of the committee;*
 - (4) the members of the committee; and*
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
 - (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*
- Recommendation 2.2:* *A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*
- Recommendation 2.3:* *A listed entity should disclose:*
- (a) the names of the directors considered by the board to be independent directors;*
 - (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and*
 - (c) the length of service of each director.*
- Recommendation 2.4:* *A majority of the board of a listed entity should be independent directors.*
- Recommendation 2.5:* *The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*
- Recommendation 2.6:* *A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

Nomination Committee

Because the size of the Company and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.



The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

An informal induction is provided to all new directors, which includes meeting with technical and financial personnel to understand ADX's business, including strategies, risks, company policies and health and safety.

Composition of the Board

ADX recognises the importance of having a Board comprising of directors with an appropriate range of backgrounds, skills and experience to suit the Company's current and future strategies and requirements.

The Company considers that the Board should have at least three directors (minimum required under the Company's Constitution) and strives to have a majority of independent directors but acknowledges that this may not be possible at all times due to the size of the Company. The number of directors will be maintained at a level which will enable effective spreading of workload and efficient decision making and which will also ensure that the Boards' composition serves the best interests of shareholders.

The Board determines each director's independence using the guiding principle that an independent director is independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement. In applying the guiding principle, the Board will take into consideration the definition in the ASX Principles of Good Corporate Governance and Best Practice Recommendations and appropriate materiality thresholds.

The composition of the board is determined by the application of the following:

- Persons nominated as Non-Executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as executive directors must be of sufficient stature and security of employment to express independent views on any matter.
- The Chair should ideally be independent, but in any case should be non-executive and be elected by the Board based on his/her suitability for the position.
- The roles of Chair and Chief Executive Officer should not be held by the same individual.
- All Non-Executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the company.



- Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director, if any) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

Independence of Directors

The independence of individual Directors is assessed regularly by the Board. Directors facilitate this review by providing up to date information regarding their personal circumstances related to the company, external relationships and potential conflicts of interest. Assessment is made having regard to relevant laws, regulations and listing rules as well as the *Australian Stock Exchange Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations*. The Board's assessment of the independence of individual Directors will be published in the Directors report of annual reports. Length of service shall also be disclosed in the annual report.

Board Skills Matrix

ADX shall disclose in its annual report a Board Skills Matrix.

All directors are required to maintain professional development necessary to maintain their skills and knowledge needed to perform their duties. In addition to training provided by relevant professional affiliations of the directors, additional development is provided through attendance at seminars and provision of technical papers on industry related matters and developments offered by various professional organisations, such as accounting firms and legal advisors.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the Board meeting whilst the item is considered.



ASX Principles of Corporate Governance and Recommendations

Principle #3: Act Ethically and Responsibly

A listed entity should act ethically and responsibly.

Recommendation 3.1: A listed entity should:
(a) have a code of conduct for its directors, senior executives and employees; and
(b) disclose that code or a summary of it.

Code of Conduct

The Board has adopted a Code of Conduct for all directors, officers, and employees and this is attached as Schedule A to this Corporate Governance Manual.

The Code of Conduct embraces the values of:

- Integrity
- Excellence
- Commercial Discipline

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

ASX Principles of Corporate Governance and Recommendations

Principle #4: Safeguard Integrity in Corporate Reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

- Recommendation 4.1: The board of a listed entity should:*
- (a) have an audit committee which:*
 - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
 - (2) is chaired by an independent director, who is not the chair of the board, and disclose:*
 - (3) the charter of the committee;*
 - (4) the relevant qualifications and experience of the members of the committee; and*
 - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
 - (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*
- Recommendation 4.2: The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*
- Recommendation 4.3: A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The Board of Directors has a primary responsibility to ensure that:

- ADX presents and publishes accounts which present a true and fair view of its results and financial position;
- The accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws; and
- The appointment and performance of the external auditor is appropriately monitored to ensure independence and the serving of the interests of shareholders.

Management Accountability

The Board encourages management accountability for the Company's financial reports by requiring the Company Secretary/CFO and the Managing Director/CEO to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's



financial condition and operational results and are in accordance with relevant accounting standards.

Audit Committee

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate for ADX. In addition to managements accountability referred to above, the Board assures integrity of the financial statements by:

- (a) reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- (b) monitoring compliance of the accounting records and procedures, in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, Australian Stock Exchange Limited ("ASX") and Australian Taxation Office;
- (c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- (d) reviewing audit reports and management letters to ensure prompt action is taken by the Company's management; and
- (e) When required, nominating the external auditor and at least annually reviewing the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

Where appropriate, the Audit Partner responsible for the audit of the Company may be invited to attend Board meetings.

Appointment of External Auditors

The Board shall be directly responsible for the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of effectiveness, and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting.

The Board shall pre-approve all audit and non-audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The Board may delegate pre-approval authority to the Company Secretary. The decisions of the Company Secretary to whom pre-approval authority is delegated must be presented to the Board at its next scheduled meeting. When reviewing the auditor's independence the Board will encourage the rotation of the audit partner at least once every 5 years.

External Auditors – attendance at AGM

The external auditor shall be requested to attend the Company's Annual General Meeting.



ASX Principles of Corporate Governance and Recommendations

Principle #5: Make Timely and Balanced Disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1: A listed entity should:
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
(b) disclose that policy or a summary of it.

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy. The Market Disclosure Policy is contained in Schedule D.



ASX Principles of Corporate Governance and Recommendations

Principle #6: Respect the Rights of Security Holders

A listed entity should respect the rights of security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

- Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.*
- Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*
- Recommendation 6.3: A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*
- Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The Company places significant importance on effective communication with shareholders.

Information is communicated to shareholders through the distribution of the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email, facsimile or post.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

Website

The Company's website at www.adxenergy.com.au contains up to date information regarding the operations of the Company, its management, corporate governance, exploration activities and contact details. All announcements made to the Australian Stock Exchange Limited (ASX), financial reports, press releases and other relevant information are available on the website.

Investor Relations Program

The Company places significant importance on effective communication with shareholders. The Company has adopted the following Investor Relations Program.

Information is communicated to shareholders through:

1. the Annual Report delivered by post when requested and which is also placed on the Company's website;
2. the half yearly report which is placed on the Company's website;
3. the quarterly reports which are placed on the Company's website;



4. disclosures and announcements made to the Australian Securities Exchange (ASX) copies of which are placed on the Company's website;
5. notices and explanatory memoranda of Annual General Meetings (AGM) and Extraordinary General Meetings (EGM) copies of which are placed on the Company's website;
6. the Chairman's address and the Managing Director/CEO's address made at the AGMs and the EGMs, copies of which are placed on the Company's website;
7. the Company's website on which the Company posts all announcements which it makes to the ASX; and
8. the auditor's lead engagement partner being present at the AGM to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

After the Annual General Meeting, the Managing Director/CEO provides shareholders with a presentation. Afterwards all directors are available to meet with any shareholders and answer questions.

Shareholders are encouraged to contact ADX through the 'Contact' section on ADX's website to submit any questions via email, or phone.

ADX's website provides communication details for its Share Registry, including an email address for shareholder enquiries direct to the Share Registry.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

Shareholder Meetings

The Company conducts an annual general meeting in accordance with legal and listing requirements. All Directors are requested to be present to answer any shareholder questions.

The Company will ensure that the annual general meeting is held in a manner that enables as many shareholders as possible to attend and encourages effective participation by shareholders. The Notice of Annual General Meeting provides details of the location, time and date of the Meeting, explanatory notes presenting the business to be considered by shareholders and details about any candidate standing for election or re-election as a Director of the Company.

The Company will request that its external auditor attend the Company's annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Chair of that meeting will allow a reasonable opportunity for members to ask questions about the Company's performance and operations.

ASX Principles of Corporate Governance and Recommendations

Principle #7: Recognise and Manage Risk

A listed entity should establish a sound management framework and periodically review the effectiveness of that framework.

- Recommendation 7.1: The board of a listed entity should:*
- (a) have a committee or committees to oversee risk, each of which:*
 - (1) has at least three members, a majority of whom are independent directors; and*
 - (2) is chaired by an independent director,**and disclose:*
 - (3) the charter of the committee;*
 - (4) the members of the committee; and*
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
 - (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*
- Recommendation 7.2: The board or a committee of the board should:*
- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
 - (b) disclose, in relation to each reporting period, whether such a review has taken place.*
- Recommendation 7.3: A listed entity should disclose:*
- (a) if it has an internal audit function, how the function is structured and what role it performs; or*
 - (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*
- Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*
-

Managing Risk

Due to the size of the Company, no formal risk management policy is in place. Risks to the Company are reviewed at regular Board meetings as necessary and during any reviews of operating and strategic plans. The Company employs executives and retains consultants each with the requisite experience and qualification to enable the company to manage the risks to the Company.

The Board is responsible for satisfying itself that risk management is effective and as a result, executives and consultants are asked to report to the Board when requested.

Any significant key risks identified by the Board are discussed to:

- (a) determine the impact upon the achievement of the Company's goals and objectives;



- (b) implement strategies to minimize the risk;
- (c) monitor and assess the effectiveness of risk management and internal compliance and control.

To this end, practises are in place that are directed towards achieving the following objectives:

- (a) compliance with applicable laws and regulations:
 - (i) preparation of reliable published financial information; and
 - (ii) implementation of risk transfer strategies where appropriate eg insurance.

The Board will review assessments of the effectiveness of risk management and internal compliance and control on an annual basis.

RISK PROFILE

The mining/oil and gas industry has additional risks to those of other businesses. The Board recognises the following main types of risk:

Market Risk

Market risk is the risk to earnings from changes in market factors such as interest and foreign exchange rates, commodity prices, or our liquidity and funding profiles. A change in the market can impact the price at which the Company's shares may trade.

Managing Growth

Growth of the Company will require preparedness for the deployment of management systems relating to financial monitoring and controls, human resources, corporate compliance, marketing, technical and changes in the competitive landscape. The Company recognises the need to employ qualified people to fill roles within the organisation and believe that such individuals can be attracted to the Company although in the initial phase of the Company's operations, its size may be a limiting factor in being able to attract suitable candidates.

Risks Associated with Future Acquisitions

The Company intends to investigate and consider selective acquisitions of investments or businesses in accordance with the Constitution, the business need and strategic direction of the Company. There are no assurances that the Company will be able to identify suitable acquisition candidates available for sale at reasonable prices, complete any acquisitions or successfully integrate any acquired business into the Company's operations.

Further Capital

To expand its operations the Company will require additional capital from time to time. The ability of the Company to raise this capital will be affected by, amongst other things, the state of the market, the performance of the Company, the preparedness of investors to invest into the Company and the quality of the opportunity.



Exploration and Mining Risk

Exploration and mining are speculative activities that may be hampered by circumstances beyond the control of ADX. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, and proficient financial management.

All of the tenements and prospects in which ADX has an interest are at the exploration stage only. There can be no assurance that exploration of these tenements/projects, or any other tenements/projects in which ADX may acquire an interest in the future, will result in the discovery of economic resources. Even if an apparently viable resource is identified, there is no guarantee that it can be profitably exploited.

The business of mineral/oil and gas exploration, development and production may be affected by various factors, including failure to achieve predicted reserves in exploration and mining, operational and technical difficulties encountered in mining, commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Native Title Risk

Native title claims may be made in respect of ADX's tenements and tenement applications. This may affect ADX's operations by way of delays in the granting of tenement applications and ADX experiencing delays or incurring additional expenses in relation to gaining access to its tenements. It is possible that if agreements are not reached with relevant native title claimants, affected applications for mining tenements may not be granted or, if granted, may be subject to conditions.

Environmental Risk

Exploration operations and proposed activities of ADX are environmentally sensitive and cannot be carried out without prior approval from and compliance with all requirements of the relevant environmental authorities. ADX intends to conduct all its activities in a manner that is environmentally responsible and in accordance with all relevant laws.

Legislative Risk

Changes in Government regulations and policies may adversely affect the financial performance of ADX. New regulations or policy may restrict ADX from carrying out some of its existing and proposed activities.

Competitive Risk

ADX is subject to normal competition risks from other parties who are presently in, or in the future will enter, the mining exploration sector in which ADX currently operates. There is also the potential for increased competition in this market sector. If this was to occur, it may have a material adverse effect on the operating and financial performance of ADX.

Political and Economic Risk

ADX operates in countries that can be unstable. Accordingly there is a risk of for safety of personnel and equipment in those countries.



Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described under two headings:

- Financial Reporting – Financial results are reported and reviewed regularly. The Group reports to shareholders quarterly, half-yearly and annually.
- Continuous disclosure – the Company has a policy that all shareholders and investors have equal access to the Company's information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules. All information provided to the ASX is immediately posted to the Company's website. The Managing Director/CEO and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Directors and the Company Secretary are responsible for all communications with ASX.

No Internal Audit - CEO and CFO Assurance

No internal audit function is currently in place due to the size of the Company. The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Quarterly, the Company Secretary/CFO and the Managing Director/CEO are required to state in writing to the Board that in all material respects:

Declaration required under s295A of the Corporations Act 2001

- the financial records of the Group for the financial year have been properly maintained;
- the financial statements and notes comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view;
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied; and

Additional declaration required as part of corporate governance

- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

ASX Principles of Corporate Governance and Recommendations

Principle #8: Encourage Enhanced Performance

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

- Recommendation 8.1: The board of a listed entity should:*
- (a) have a remuneration committee which:*
 - (1) has at least three members, a majority of whom are independent directors; and*
 - (2) is chaired by an independent director, and disclose:*
 - (3) the charter of the committee;*
 - (4) the members of the committee; and*
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
 - (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*
- Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*
- Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should:*
- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
 - (b) disclose that policy or a summary of it.*

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable executive remuneration.

Board Remuneration Committee

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered efficient for ADX. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web.



Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

The amount of aggregate remuneration is reviewed annually. The Board considers the remuneration being paid by comparable companies with similar responsibilities and the experience of the directors/executives. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable roles.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Non-executive directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the director's retirement or termination. Non-Executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules. The option incentive portion is targeted to add to shareholder value by having a strike price considerably greater than the market price at the time of granting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the amount of director fees being paid by comparable companies with similar responsibilities and the experience of the non-executive directors when undertaking the annual review process.

Executive director and senior executive remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for company, and individual performance;
- ensure continued availability of experienced and effective management; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally.



If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Fixed Remuneration - Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Company and individual performance, and relevant comparative remuneration in the market. As noted above, the Board may engage an external consultant to provide independent advice.

Fixed Remuneration - Structure

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay — Long Term Incentives - Objective

The objective of long term incentives is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Variable Pay — Long Term Incentives – Structure

Long term incentives granted to executives are delivered in the form of options and bonuses. The option incentives granted are aimed to motivate executives to pursue the long term growth and success of the Company within an appropriate control framework and demonstrate a clear relationship between key executive performance and remuneration.

As part of the executive remuneration package, bonuses may be granted based on the achievement of Key Performance Indicators (KPIs) set by the Board. The intention of this program is to facilitate goal congruence between directors/executives with that of the Company's business and shareholders. The KPI's are set with a certain level of consultation with executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPIs target areas covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year.

Employee Incentive Scheme

Currently ADX does not have an equity based incentive scheme.

Disclosure of Directors' and Executives' Remuneration

In accordance with the Corporations Act and Accounting Standards requirements, full detailed disclosure of Directors' and executives' remuneration is made in ADX's annual report in the



Remuneration Report. Any other transaction with directors is also fully disclosed in the related parties note in the annual report.

In accordance with ASX listing rule 3.1, continuous disclosure is made of any significant employment agreements or termination agreements or payments which may have a material effect on the price or value of ADX securities, or because of its nature, the Directors believe disclosure should be made.



SCHEDULE A – CODE OF CONDUCT

Integrity

To act with integrity at all times, and towards each other, our customers, our suppliers and our shareholders, we must:

- act honestly and within the spirit as well as the letter of the law.
- obey the law and not take any action or inaction that will or could result in the breach of any law.
- respect the rights and freedoms of each other and not discriminate on the basis of age, sex, race, religion, sexual orientation, political opinion or other personal differences.
- treat our work colleagues, our customers and shareholders with courtesy and respect.
- not disclose any confidential information of ADX, its customers, suppliers or other parties without proper authorisation.
- deal with our customers, suppliers, shareholders and any other parties honestly, fairly and at arms length, and otherwise avoid the possibility of actual or perceived conflicts of interest.
- follow ADX's internal policies, including corporate governance policies.
- not permit our own personal and/or business and/or financial interests to conflict with our duties to ADX.
- encourage and foster a culture that recognises the importance of professional ethics.

Excellence

To achieve excellence in everything we do, we must:

- work to the highest standard;
- be constantly challenged and challenge each other to continue to drive improvement in our work;
- strive to achieve a vibrant and rewarding work environment;
- take ownership of every task or duty we undertake;
- take responsibility for our own actions;
- optimize processes; and
- encourage, maintain and foster a culture that strives for, and rewards, excellence.

Commercial Discipline

In applying commercial discipline in all our work practices we must:

- measure our success in terms of increasing shareholder value;
- appropriately manage risk; and
- apply sound principles of financial and business management.



Reporting Wrongdoing

ADX is committed to ensuring that the conduct and behaviour of its employees, executives and directors is in accordance with the key values described above. ADX employees, executives and directors are all required to report any circumstance where they have reasonable grounds for suspecting, and a genuine belief of wrongdoing involving possible:

- fraud;
- corruption;
- breaches of ADX's internal policies, including corporate governance policies (which include this Code of Conduct); or
- breaches of the law.

Any such occurrences must be reported to the Company Secretary, Managing Director/CEO or Chair.

ADX recognises that its employees, executives and directors must be provided with a work environment in which they feel safe and secure about reporting any such occurrence. Accordingly, ADX is committed to encouraging, maintaining and fostering a culture in which its employees, executives and directors feel that they may report any such instances where they have reasonable grounds, and a genuine belief, that there may have been wrongdoing without fear of reprisal, harassment, discrimination, victimization or future career bias.

Any report made will be listened to and investigated. All reports will be treated with the strictest confidence and will only be disclosed to other persons within (or outside) ADX on a "need-to-know" basis. Your involvement will not be mentioned without your consent. You will be provided with regular feedback and the outcome of the investigation (including whether the suspicions and concerns outlined in your report were well-founded, and, where appropriate, whether further action has been taken).

Any report may be made anonymously. However, it must be recognised that anonymity may make the investigation of any report much more difficult. Anonymity can also be very hard to guarantee, as it may be necessary for you to give evidence in either internal or external proceedings, or, the law may otherwise require the formal disclosure of your report. It must also be stressed that ADX will not support the use of this policy as a means of airing or pursuing personal or professional grievances between employees, executives or directors, or for any individuals to make unfounded or malicious allegations. Such conduct would be against the principles set out in this Code of Conduct, and may be considered by ADX as grounds for action against the complainant.



SCHEDULE B – SECURITY TRADING POLICY

1. Introduction and Policy Statement

ADX Energy Ltd (“**ADX**”) has shares and options listed on ASX. ADX aims to achieve the highest possible standards of corporate conduct and governance.

The purpose of this security trading policy is to:

- ensure compliance with the ASX Listing Rules and the Corporations Law;
- to ensure that ADX Personnel (defined in section 2) and their associates are aware of the legal restrictions in dealing in ADX’s shares, options or other securities while such a person is in possession of unpublished price sensitive information concerning ADX; and
- assist in maintaining market confidence in the integrity of dealings on ADX securities.

ADX Personnel and their associates must not trade in ADX securities when in possession of inside information or give inside information to any other person who is likely to use it to trade in ADX securities or pass the information onto others to trade in ADX securities.

The policy recognises that it is illegal for a person to deal in ADX’s securities when he or she is in possession of unpublished price sensitive information. This is regardless of whether the terms of this policy have been complied with.

ADX Personnel must receive written approval by the Chairman prior to any dealing in ADX securities.

This policy shall be distributed to all ADX Personnel when commencing with ADX, or whenever this policy is amended, and it is the responsibility of each person to comply with this policy. The policy is also available on ADX’s website. Any non-compliance with this policy will be considered as serious misconduct, including possible termination of employment.

The trading restrictions set out in this policy are additional to any provisions governing or restricting the trading of securities set out in any agreement between ADX and ADX Personnel. Where the provisions of an agreement between ADX and ADX Personnel conflict with the provisions of this policy, the most restrictive provisions will prevail.

Definitions to assist in the interpretation of this policy are set out in section 12.

If you do not understand any part of this policy or how it applies to you, you must discuss the matter with the Chairman or Company Secretary before dealing in any ADX securities.

2. Application

This policy applies to all:

- (a) Executive, non-executive directors and Executive Management Team members (**'Key Management Personnel'**);
- (b) Full-time, part-time and casual employees;
- (c) Contractors and consultants who have access to price sensitive information; and of
- (d) ADX and its subsidiaries ('ADX Personnel').

This policy extends to dealing in the securities of ADX by any associate or related party of any ADX Personnel and any company, trust or other entity in which any ADX Personnel have a relevant interest. Accordingly, references to dealings in securities by an ADX Personnel in this trading policy apply equally to dealings by any associate or related party of that ADX Personnel and any company, trust or other entity in which any ADX Personnel have a relevant interest.

3. Insider Trading

A person engages in insider trading if that person deals in securities of a relevant entity while possessing information that:

- (a) is not *generally available*; and
- (b) if it were available, may have a material effect on the price or value of the relevant entity's securities, and
- (c) the person knows, or ought reasonably to know, that the information is not generally available and, if it were, it might have a material effect on the price or value of the entity's securities.

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

The prohibition against insider trading applies to:

- (a) direct trading in ADX's securities;
- (b) procuring another person to trade in ADX's securities;
- (c) communicating price sensitive information to another person who is likely to trade in ADX's securities; or
- (d) securities of other entities that may be affected by inside information, such as suppliers.

Insider trading is a criminal offence, punishable by substantial fines and/or imprisonment. ADX may in certain circumstances also be liable if an ADX Personnel or their associates engages in insider trading.

Insider trading may also attract civil liability, including liability to pay compensation to those who suffer loss or damage as a result of the insider trading.

Examples of inside information about ADX could be:

- Information relating to drilling results or reserves;
- Change of directors or senior management;
- A possible acquisition or sale of projects, tenements or other assets;
- Information on changes in operations;
- A proposed takeover or merger;
- A significant incident, such as safety or environmental; or
- Financial results exceeding or falling short of market expectation.

4. Exemptions from this policy

This policy does not apply to the following trading:

- (a) transfers of securities of ADX already held into a superannuation fund or other saving scheme in which the ADX Personnel is a beneficiary;
- (b) where an ADX Personnel is a trustee, trading in the securities of ADX by that trust provided the ADX Personnel 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 ADX Personnel;
- (c) undertakings to accept, or the acceptance of, a takeover offer;
- (d) trading 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;
- (e) exercising rights under an employee performance rights plan (but not the sale of securities following exercise); and
- (f) a disposal of securities of ADX that is the result of a secured lender exercising their rights under a loan agreement.

5. Prohibited Periods

Unless otherwise approved by the Chairman in exceptional circumstances (for example, genuine and pressing need, see section 7), ADX Personnel are not permitted to deal in ADX securities during the following periods:

- (a) 2 weeks prior to the release to the ASX and ending 48 hours after such release of:
 - ADX's quarterly reports;
 - ADX's half year results;
 - ADX's year end results; or



- ADX's Annual General Meeting and ending 24 hours after the Annual General Meeting, (collectively the "**Closed Periods**").
- (b) Any other blackout period that the Board declares from time to time when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A.

Notwithstanding the above, no dealing will be permitted at any time if that ADX Personnel possesses (or is deemed to possess) any price sensitive information which is not generally available.

6. Pre-Dealing – permitted trading outside Prohibited Periods

For all periods during which dealing is permitted, ADX Personnel may deal in ADX Securities if:

- prior written consent from the Chairman has been obtained (refer to Schedule 1 – Form of Application to Trade During Permitted Periods);
- they do not have inside information;
- the dealing does not occur within a Prohibited Period (refer section 5);
- the dealing is not for short term or speculative dealing; and
- the dealing is not for the purpose of entering into a transaction that has the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlements in ADX securities.

The dealing must be completed within 14 days from the date of ADX approval.

7. Dealing during Prohibited Periods in Exceptional Circumstances

ADX Personnel may in exceptional circumstances apply to the Chairman for approval to trade during a Prohibited Period, provided that the Applicant is not in possession of inside information. The application must be in the form set out in Schedule 2 and be submitted to the Chairman.

On receipt of the application, the Chairman shall consider the application. No dealing may be undertaken before the Applicant receives the written approval of the Chairman.

The Chairman may grant the Applicant written permission to deal in securities during the Prohibited Period if satisfied that the Applicant's circumstances amount to exceptional circumstances, when taking into account the following factors:

- (a) whether the Applicant is suffering severe financial hardship;
- (b) whether the Applicant is bound by a court order, enforceable undertaking or other legal or regulatory requirement to transfer or sell the securities of ADX; and
- (c) whether the Applicant's circumstances are otherwise exceptional and the proposed dealing is the only reasonable course of action available.



If approval is granted by the Chairman the Applicant must complete the dealing within 14 days of receiving such written approval, or such earlier time as determined.

8. Margin Loans

Key Management Personnel intending to enter into a margin loan or other financing arrangement ('margin loan') where there is a risk that ADX securities may be traded pursuant to the terms of margin loan must obtain prior written approval from the Chairman. The Chairman must be informed of the following information of the margin loan:

- (a) number of ADX securities involved;
- (b) key terms and trigger points;
- (c) the rights of the lender to sell securities; and
- (d) any other material information.

9. ASX Notification by Directors

Under Section 3.19A.2 of the ASX Listing Rules, notification of any change in a Director's interest in securities must be given within 5 business days after the change has occurred.

Directors should notify the Company Secretary in writing who will lodge the necessary notification with the ASX. The Company Secretary must circulate any notification received to other Directors at the next Board meeting.

The ASX must also be notified of a substantial shareholding (more than 5%), or change in substantial shareholding of a Director.

10. Chairman unavailable

When the Chairman is unavailable to approve a proposed dealing in securities for section 6, 7 or 8, or where the Chairman is proposing to deal in securities him/herself, written approvals shall be received from the Company Secretary.

11. Further assistance

Any ADX Personnel who is unsure of the nature of the information that they have in their possession and whether they may deal in ADX's securities should contact the Chairman.



12. Definitions

“Applicant” means an ADX Personnel applying to deal securities during a Prohibited Period in accordance with section 7.

“Associate” includes:

- (a) a related body corporate; and
- (b) a Director or Secretary of a related body corporate.

“ASX” means Australian Securities Exchange.

“Board” means the board of directors of ADX Energy Ltd.

“Closed Period” has the meaning given to that term in section 5.

“Dealing” includes:

- (a) any application for acquisition or disposal of any securities;
- (b) entering into an agreement to apply for, acquire or dispose of any securities; and
- (c) the grant, acceptance, acquisition, disposal, exercise or discharge of any option or other right or obligation to acquire or dispose of securities.

“Executive Management Team” means an:
ADX senior executive or general manager.

“Generally available”, in relation to information, means any such information which:

- (a) is readily observable;
- (b) has been made known in a manner which is likely to bring it to the attention of persons who commonly invest in securities provided that 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 either paragraphs (a) or (b) above.

“Key Management Personnel” (singular use **“Key Management Person”**) has the meaning given to that term in the ASX Listing Rules, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director. For the avoidance of doubt, this includes management Personnel reporting directly to the Managing Director/CEO, including the Executive Management Team.

“Prohibited Period” has the meaning given to that term in section 5.



“Related party” includes:

- (a) a spouse or de facto spouse of an ADX Personnel;
- (b) a parent, son or daughter of an ADX Personnel;
- (c) an entity over which a person referred to above has control; or
- (d) two or more persons referred to above together have control.

“Securities” includes:

- (a) ordinary shares;
- (b) other securities issued by ADX such as options, performance rights and convertible notes;
- (c) preference shares;
- (d) hybrid securities;
- (e) debentures;
- (f) any securities in ADX subsidiaries;
- (g) any derivatives (such as exchange-traded options and warrants) and other financial products issued by third parties in relation to ADX’s shares and options; and
- (h) securities of other entities that may be affected by inside information (such as an ADX contractor or partner or another party involved in a corporate transaction with ADX).

“Security holder” means a holder of securities in ADX.



SCHEDULE 1 - FORM OF APPLICATION TO TRADE DURING PERMITTED PERIODS

Name: _____

Residential Address: _____

Office or position in ADX: _____

Type of transaction (circle): Sale/Purchase

Number of securities that are subject of the proposed transaction: _____

Class of securities that are the subject of the proposed transaction: _____

Will the transaction take place on the Stock Exchange (circle): YES/NO

If the transaction is not to take place on the Stock Exchange, advise details of the transaction:

Likely date of the transaction: _____

I HEREBY ACKNOWLEDGE that:

I have read the ADX Security Trading Policy and my decision to deal in securities of ADX has not been made on the basis of information that:

- a. is not generally available, and
- b. would be expected by a reasonable person to have a material effect on the price or value of securities of ADX, if it was generally available.

I request approval for the proposed purchase/sale of the above securities.

Signed: _____ Date: _____

ADX Approval (signed by the Chairman):

I have reviewed the contents of the attached Application and now give my consent to the proposed transaction described in the Application.

Signed by the Chairman: _____ Date: _____



SCHEDULE 2 - FORM OF APPLICATION TO TRADE DURING PROHIBITED PERIODS

Name: _____

Residential Address: _____

Office or position in ADX: _____

Type of transaction (circle): Sale/Purchase

Number of securities that are subject of the proposed transaction: _____

Class of securities that are the subject of the proposed transaction: _____

Will the transaction take place on the Stock Exchange (circle): YES/NO

If the transaction is not to take place on the Stock Exchange, advise details of the transaction:

Likely date of the transaction: _____

Details of exceptional circumstances pursuant to which I make this application:

I HEREBY ACKNOWLEDGE that:

I have read the ADX Security Trading Policy and my decision to deal in securities of ADX has not been made on the basis of information that:

- a. is not generally available, and
- b. would be expected by a reasonable person to have a material effect on the price or value of securities of ADX, if it was generally available.

I request approval for the proposed purchase/sale of the above securities.

Signed: _____ Date: _____

ADX Approval (signed by the Chairman):

I have reviewed the contents of the attached Application and now give my consent to the proposed transaction described in the Application.

Signed by the Chairman: _____ Date: _____



SCHEDULE C – DIVERSITY POLICY

1. INTRODUCTION

The Company and all its related bodies corporate are committed to workplace diversity.

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, 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.

The Diversity Policy does not form part of an employee's contract of employment with The Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an employee is expected to comply.

2. OBJECTIVES

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

- (a) a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- (b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- (c) improved employment and career development opportunities for women;
- (d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- (e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity,

(collectively, the Objectives).

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee 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.

3. RESPONSIBILITIES

3.1 The Board's commitment

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board.

The Board is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (Measurable Objectives) and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below.

The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

3.2 Strategies

The Company's diversity strategies include:

- (a) recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
- (b) reviewing succession plans to ensure an appropriate focus on diversity;
- (c) identifying specific factors to take account of in recruitment and selection processes to encourage diversity;
- (d) developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development;
- (e) developing a culture which takes account of domestic responsibilities of employees; and
- (f) any other strategies the Board develops from time to time.

4. MONITORING AND EVALUATION

The Chairman will monitor the scope and currency of this policy. The Company is responsible for implementing, monitoring and reporting on the Measurable Objectives.

5. REPORTING

The Board will include in the Annual Report each year:

- (a) the Measurable Objectives, if any, set by the Board;
- (b) progress against the Objectives; and
- (c) the proportion of women employees in the whole organisation, at senior management level and at Board level.



SCHEDULE D – MARKET DISCLOSURE POLICY

ADX is committed to:

- (a) ensuring that shareholders and the market are provided with timely and balanced information about its activities;
- (b) complying with the general and continuous disclosure principles contained in the Australian Stock Exchange Limited (“ASX”) Listing Rules and the Corporations Act 2001; and
- (c) ensuring that all market participants have equal opportunities to receive externally available information issued by ADX.

Material Information

- All management and staff must inform the Company Secretary of any potentially material information or proposal as soon as practicable after becoming aware of that information.
- Information is material if it is likely that the information would influence investors in deciding whether to buy or sell ADX securities.
- Material information need not be disclosed if all of the following are satisfied:
 - a reasonable person would not expect the information to be disclosed; and
 - the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
 - one of the following applies:
 - it would breach the law to disclose the information;
 - the information concerns an incomplete proposal or negotiation;
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - the information is generated for internal management purposes; or
 - the information is a trade secret.
- Subject to and in accordance with the provisions of ASX Listing Rule 3.1, the Chair and Managing Director/CEO must immediately notify the market, via an announcement to the ASX, of any information concerning ADX that the Managing Director/CEO and/or Chair believes a reasonable person would expect to have a material effect on the price or value of ADX securities. The Company Secretary is the Authorised Officer for Listing Rule purposes.



- ADX must not, under any circumstances, disclose material information to the market prior to the ASX releasing the information to the market. If unreleased material information is unintentionally communicated, by ADX or an employee, in any forum, the Managing Director/CEO, or in his absence, the Company Secretary, must be advised immediately so the market can be informed.

False Market

- **Leaks, rumours and inadvertent disclosure.** The Company's general policy is not to respond to reports or rumours about it published by analysts, fund managers or reporters. From time to time, however, it may be necessary to respond to the unauthorised or selective disclosure of information or market rumours concerning the Company, particularly where the information or rumour is having, or likely to have, an impact on the price of the Company's securities. Such an event may trigger an enquiry from the ASX under Listing Rule 3.1B. To ensure a consistent response from the Company to such occurrences, all instances of unauthorised or selective disclosure or rumours should be reported to the Managing Director/CEO or Company Secretary as soon as they become known.
- **Assessment of the Company's response.** When a matter is reported, the Managing Director/CEO or Company Secretary will discuss the significance of the matter and possible disclosure responses with the Chair.
- **Disclosure of information.** If the information the subject of the unauthorised or selective disclosure is considered material, or there is a significant market rumour concerning the Company that is having or is likely to have an impact on the price of the Company's securities, the Company Secretary will co-ordinate the development of a disclosure response to ASX.

The Company Secretary will circulate the draft announcement to the Board and relevant management and external advisers for review. Once the review process has been completed, the Company Secretary will disclose the information to ASX.

- **Referral of enquiries.** Any queries by ASX, the media, analysts, brokers, shareholders or the public about a market rumour concerning the Company or regarding information that is subject to this Disclosure Policy must be referred to the Managing Director/CEO or, in his absence, the Company Secretary.

The only persons authorised to speak to the media or any other person outside the Company about market rumours concerning the Company or about information that is subject to this Disclosure Policy are the Chair or the Managing Director/CEO from time to time.

Release of reports as required by the Corporations Act and ASX Listing Rules

ADX must lodge, in a timely fashion, the following reports if and as required by the ASX Listing Rules and the Corporations Act 2001:

- the annual report;
- the half yearly report and accounts;



- the preliminary final report;
- the annual audited financial statements;
- the quarterly cash flow report; and
- any other reports required to be lodged under the ASX Listing Rules or the Corporations Act 2001.

The Company will include commentary on its financial results to enhance the clarity and balance of reporting. This commentary will include information needed by an investor to make an informed assessment of the entity's activities and results.

Information briefings with analysts

- ADX may provide background and technical information in one-on-one briefings with analysts, fund managers, brokers or institutional investors to assist them in their understanding of ADX's business activities. The Managing Director/CEO must review any written presentation material prepared for meetings prior to the meeting to determine whether all information has previously been disclosed to the market or may require disclosure.
- A one-on-one briefing includes any communication between ADX and a broker, analyst, fund manager, or institutional investor including phone calls.
- No previously undisclosed material information may be disclosed at these meetings. If an employee considers that previously undisclosed material information has been disclosed, they must immediately inform the Company Secretary so that the previously undisclosed information can be released to the market.

Release of information to the public

- Only the Chair, the Managing Director/CEO, an Executive Director or the Company Secretary are authorised to provide comment about the Company, or speak on behalf of ADX, to the media. Any other employees providing comment on the Company must first obtain the authorisation of the Managing Director/CEO or, in his absence, the Chair.
- ADX employees must not respond to any market speculation or rumours about the Company, unless authorised by the Managing Director/CEO or, in his absence, the Chair to do so.