



SOUTH PACIFIC RESOURCES LIMITED

ABN 30 073 099 171

CORPORATE GOVERNANCE STATEMENT

21 SEPTEMBER 2016

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of South Pacific Resources Limited (the “Company” or “SPR”) is responsible for the corporate governance of the Company, having regard to the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (3rd edition). The Board guides and monitors the business and affairs of SPR on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Council’s principles are summarised as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

This statement outlines the main corporate governance practices in place during the year ended 30 June 2016, which comply with the ASX Corporate Governance Council recommendations, except where noted.

This Corporate Governance Statement is current as at 21 September 2016 and has been adopted by the Board.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise a minimum of three directors, with a majority of non-executive directors;
- the Chairman should be a non-executive director;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders. The Company does not have a formal Nomination Committee.

BOARD SKILLS MATRIX

The Board uses a skills matrix to guide its assessment of the skills and experience of current Directors, and those skills that the Board considers will complement the effective functioning of the Board. Current Directors possess a range of professional skills summarised in the following table:

Corporate governance and compliance	66%
Strategy / business analysis	100%
Mining / exploration industry experience	100%
Geographic experience - Asia Pacific	100%
Financially knowledgeable	66%
M&A experience / equity / capital markets	100%
Risk management skills / experience	66%
Other for profit directorship experience	100%

CORPORATE GOVERNANCE STATEMENT (continued)

REMUNERATION COMMITTEE

Given the current size of the Company and size and composition of the Board, the Board believes that no efficiencies or other benefits would be gained by establishing a separate remuneration committee. All decisions regarding remuneration of Directors, executives and key employees are made by the full Board. As the Board has not established a separate remuneration committee, it does not have a remuneration committee charter. The Company has a standing agenda item at each Board meeting to deal with any remuneration related matters that would normally be carried out by a remuneration committee.

The Board will periodically review the Company's circumstances and a remuneration committee will be discussed and formed if deemed necessary by the Directors, should the Company experience a change in structure and Board membership. The Company recognises that formal and transparent remuneration and nomination policies assist in promoting understanding and confidence in remuneration and nomination decisions.

The Company has established a remuneration policy that states:

- non-executive Directors are to receive fees which are determined by the Board within the aggregate limit set by the shareholders at a general meeting; and
- executive Directors' remuneration is determined by the Board with reference to current market rates and remuneration paid to executives in comparable listed companies determined by the size and nature of operations.

Remuneration levels are set by the Board in accordance with industry standards to attract suitable qualified and experienced directors and senior management.

AUDIT COMMITTEE

The Board is of the view that given the current size of the Company and the size and composition of the board, that there would be no efficiencies or other benefits gained by having a separate audit committee. However, the issues relevant to the integrity of the Company's financial reporting typically dealt with by such a committee are dealt with by the full Board. The Company has as a standing agenda item at each Board meeting to deal with any audit related matters that would normally be carried out by an audit committee.

The Company will assess the need to form an audit committee on a regular basis.

As the Board has not established an audit committee, it does not have a formal audit committee charter.

The Company has appointed external auditors who have clearly demonstrated quality and independence. The performance of the external auditors is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

BOARD AND SENIOR EXECUTIVE RESPONSIBILITIES

As the Board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Company has a board charter that discloses the specific responsibilities of the Board, and those delegated to senior executives. The responsibility for the operation and administration of the Company is delegated by the Board to the Managing Director. The Board ensures that the Managing Director is appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for the Company's officers, contractors and consultants. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chairman. If there is no Chairman in place, the matter is to be reported to the independent directors.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. Procedures are in place to allow directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

CORPORATE GOVERNANCE STATEMENT (continued)

MONITORING OF BOARD AND SENIOR EXECUTIVE PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of the Board and all individual directors is to be reviewed annually by the Chairman or independent directors. Directors whose performance is unsatisfactory are asked to retire.

CODE OF CONDUCT

A formal code of conduct for the Company applies to all directors and employees. The code aims to encourage the appropriate standards of conduct and behaviour of the directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The directors, managers and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics and strive at all times to enhance the good reputation and performance of the Group by acting in the best interests of the Group, being responsible and accountable for their actions and observing the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

The Group has developed an extensive code of conduct which is encapsulated in the corporate governance policies and the Company's terms and conditions of employment. Conduct guidelines apply to all employees which address the values and vision of the Company, business ethics and protocol, policies and procedures, employee entitlements, responsibilities and expectations of both the Group and employees and compliance with relevant legal, shareholder and stakeholder obligations.

All employees have position descriptions that reinforce their duties, rights and responsibilities and all are required to participate in performance reviews to ensure the Group expectation is aligned with employee goals and key performance indicators. Actual performance is reviewed annually and, if necessary, more frequently. The Company encourages regular feedback, review and continuous improvement so as to maintain and enhance the desired corporate culture and standard of ethical behaviour.

SHAREHOLDER COMMUNICATION POLICY

The Board encourages shareholder communication and ensures that shareholders are kept up to date with the Company's activities.

The Company has established procedures to provide shareholders with important information in a timely manner via electronic communication. All information, including financial information, disclosed to the ASX is posted to the Company's website as soon as practicable after release to the market. A copy of the Company's annual report is issued to shareholders who have requested one and is posted on the Company's website as soon as practicable after disclosure to the ASX has been made and confirmation of receipt has been received.

CORPORATE GOVERNANCE STATEMENT (continued)

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Principles of Good Corporate Governance and Best Practice Recommendations as outlined by the ASX Corporate Governance Council (3rd edition).

Best Practice Recommendation	Action Taken
<p>Principle 1: Lay solid foundation for management and oversight</p> <p>1.1 A listed entity should disclose:</p> <p>(a) The respective roles and responsibilities of its board and management; and</p> <p>(b) Those matters expressly reserved to the board and those delegated to management</p> <p>1.2 A listed entity should:</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p> <p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.</p> <p>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.</p> <p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period 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:</p> <p>(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</p> <p>(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.</p> <p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company's corporate governance policies include a board charter that discloses the specific responsibilities of the Board, and those delegated to senior executives. The responsibility for the operations and administration of the Company is delegated by the Board to the Managing Director. Refer page 15, Board and Senior Executive Responsibilities.</p> <p>The Board identifies potential candidates and may take advice from an external consultant. Potential new directors are subject to appropriate and prudent background and screening checks prior to appointment. Board candidates must stand for election at the next general meeting of shareholders following such appointment, where information is set out to shareholders including; biographical details, other material directorships, any material adverse information revealed by checks and details of interest, position, association or relationship that might have influence.</p> <p>The Company does not adhere to letters of appointment for directors. Their service is on a month to month basis. The performance of all senior executives is reviewed annually by the Chairman or independent directors which includes measuring actual performance against planned performance. There were no senior executives employed by the Company during the year.</p> <p>The Company Secretary reports directly to the Board and supports the Board by advising on governance matters, monitoring implementation of policy and procedures, co-ordinating and timely despatch of Board papers and ensuring minutes accurately capture the business conducted at Board meetings.</p> <p>The Company continues to strive towards achieving objectives established towards increasing diversity. It does not propose to establish measurable gender diversity objectives in the future as:</p> <ul style="list-style-type: none"> • The Group's Directors and senior executives is a small, stable team of experienced personal. There is no intention to make changes in the near future; and • The Group is committed to making all selection decisions on the basis of merit. Setting specific objectives for such a small team would potentially influence decision making to the detriment of the Group. <p>At the end of the reporting period (30 June 2016), the Board of Directors consisted of three men and the Company Secretary is female.</p> <p>Evaluations of the Board, committees and executives (if any) occurred during the year. The Company has not disclosed the basis of such evaluation processes. The Board takes ultimate responsibility for these matters and does not consider disclosure of performance evaluation necessary at this stage.</p>
	<p>The Managing Director is responsible for annual evaluations of senior</p>

Best Practice Recommendation	Action Taken
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>executives (if any). There are no senior executives (who are not directors) and therefore no evaluations of senior executives took place during the year, nor has the Company disclosed the basis of such evaluation processes adopted by the Company. The Board takes ultimate responsibility for these matters and does not consider disclosure of performance evaluation necessary at this stage.</p>
<p>Principle 2: Structure the Board to add value</p> <p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Company is not of a size that justifies having a separate nomination committee. However, matters typically dealt with by such a committee are dealt with by the full Board.</p> <p>As part of its usual role, the full Board oversees the appointment and induction process for directors, and the selection, appointment, evaluation and succession planning process of the Company's directors and senior executives. When a vacancy exists or there is a need for a particular skill, the Board determines the selection criteria that will be applied. The Board then identifies suitable candidates, with assistance from an external consultant if required, and will interview and assess the selected candidates.</p>
<p>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.</p>	<p>Refer "Board Skills Matrix" above.</p>
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>Two (Messer's Goldberg and Tan) of the three Board members are considered independent.</p> <p>Not applicable</p> <p>The length of service of each director is set out in the Directors' Report, specifically on page 2 of the Annual Report.</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>The majority of the board is independent. To assist the Directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chairman or independent directors for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.</p>
<p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the</p>	<p>The Managing Director and Chairman is Mr Domenic Martino who is not independent.</p>

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<p>same person as the CEO of the entity.</p> <p>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.</p>	<p>The Group has an informal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning performance of directors. Directors also have the opportunity to visit the Group's areas of interest and meet with management to gain a better understanding of business operations. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company.</p>
<p><i>Principle 3: Act Ethically and Responsibly</i></p> <p>3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics in conducting its business activities and intends to maintain a reputation of integrity. The Company has subscribed to a general Code of Conduct. The Code of Conduct lists the standards of ethical behaviour that are expected to be met by the Directors and employees of the Company. Such persons are also expected to meet the ethical standards of any professional bodies they belong to. Any breaches of the Code of Conduct are to be reported to the Chairman for notification to the Board. The Board will decide on appropriate disciplinary action and may report breaches to the appropriate authorities.</p> <p>All Directors, managers and employees are required to act honestly, in good faith and in the best interests of the Company while exercising due care and diligence, recognising and respecting their responsibility to shareholders and other stakeholders of the Company. All Directors, managers and employees of the Company are required to act in an ethical manner at all times, avoiding conflicts of interest and observing the principals of independence in decision-making.</p>

Best Practice Recommendation	Action Taken
<p>Principle 4: Safeguard integrity in corporate reporting</p> <p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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;</p> <p>OR</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner</p> <p>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.</p> <p>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.</p>	<p>The Board is of the view that given the current size of the Company and the size and composition of the Board, that there would be no efficiencies or other benefits gained by having a separate audit committee. However, the issues relevant to the integrity of the Company's financial reporting typically dealt with by such a committee are dealt with by the full Board. The Company has as a standing agenda item at each Board meeting to deal with any audit related matters that would normally be carried out by an audit committee.</p> <p>The Managing Director and Chief Financial Officer (CFO) provide a certification to the Board on the integrity of the Company's external financial reports for the half-year and full year. The Managing Director and CFO also provide assurance to the Board that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks. In addition reporting of the management of the Company's material business risks, forms part of routine management reporting to the Board.</p> <p>The Company receives assurances from the Managing Director and CFO in respect of the yearly and half-yearly financial statements. Given the volume of accounting transaction and the size of the management team, quarterly assurances are not considered necessary</p> <p>The performance of the external auditor is reviewed annually. It is both the Company's and the auditor's policy to rotate audit engagement partners at least every five years.</p> <p>The external auditor provides an annual declaration of their independence to the Board. The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.</p>
<p>Principle 5: Make timely and balanced disclosure</p> <p>5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>SPR has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. The Board has also adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings.</p> <p>The Managing Director and the Company Secretary have been nominated as the Company's primary disclosure officers.</p> <p>SPR is committed to providing shareholders and stakeholders with extensive, transparent, accessible and timely communications on the Company's activities, strategy and performance.</p>

Best Practice Recommendation	Action Taken
<p>Principle 6: Respect the rights of security holders</p> <p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p> <p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p> <p>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.</p> <p>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.</p>	<p>The Company maintains a website that contains its corporate governance policies (www.southpacificresourceslimited.com).</p> <p>The Company does not currently have an investor relations program, however shareholders are able to contact the company secretary or board directly should they have any queries / comments.</p> <p>The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals.</p> <p>The Company does not currently have the facilities to send and receive correspondence electronically with shareholders. The directors will review this option, in light of the cost associated with maintaining the electronic system for communication</p>
<p>Principle 7: Recognise and manage risk</p> <p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> (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 <p>(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.</p> <p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> <p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Group is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of a separate risk management committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Group's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.</p> <p>The Group has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Risk Management Policy is located on the Company's website.</p> <p>The Company's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Company's business.</p> <p>Main areas of risk include fluctuating commodity prices and exchange rate fluctuation, political and economic climate, exploration and development and continuous disclosure obligations. Regular consideration is given to these matters by the Board.</p> <p>The Company has in place an internal control framework to assist in identifying, assessing, monitoring and managing risk. This framework includes quarterly financial reporting, maintenance of and adherence to the Company's continuous disclosure policy and regular informal operations reports provided by the Managing Director for the Board.</p> <p>The Company's internal control system is monitored by the Board and assessed regularly to ensure effectiveness and relevance to the Company's current and future operations.</p> <p>The Company has a small management team who interact with directors on a regular basis and ensures constant communication of material business risks.</p> <p>The Group does not have a formally established internal audit function. The Board ensures compliance with the internal controls and risk management procedures previously mentioned.</p>
Best Practice Recommendation	Action Taken

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.

The Group undertakes minerals exploration and mining development in PNG and, as such, faces risks inherent to its business, including economic, environmental and social sustainability risks, which may materially impact the Group's ability to create or preserve value for security holders over the short, medium or long term.

The Group views sustainable and responsible business practices as an important long term driver of performance and shareholder value and is committed to transparency, fair dealing, responsible treatment of employees and partners and positive interaction with the community.

Principle 8: Remunerate fairly and responsibly

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.

The Board has not established a formal remuneration committee. The full Board attends to the matters normally attended to by a remuneration committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives.

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.

For full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

Non-executive Directors receive fees which are determined by the Board within the aggregate limit set by the shareholders at a general meeting.

Executive Directors' remuneration is determined by the Board with reference to current market rates and remuneration paid to executives in comparable listed companies determined by the size and nature of operations.

8.3 A listed entity which has an equity-based remuneration scheme should:

Remuneration for all Directors and key management personnel has been disclosed in the Directors' Report.

- (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.

There is no formal equity-based remuneration scheme, however shares and options can be issued as part remuneration. Securities can only be issued to Company Directors under a resolution at a general meeting of shareholders. The Directors and senior executives who participate in equity-based remuneration are prohibited from entering into transactions or arrangements that limit the economic risk of participating in unvested entitlements or entitlements subject to a holding lock.