

Corporate Ethics Policy

Stanmore Resources Limited

1 Introduction

- (a) Directors of Stanmore Resources Limited (the **Company**¹) are subject to certain stringent legal requirements regulating their conduct both in terms of their internal conduct as Directors of the Company and their external dealings with third parties both on their own behalf and on behalf of the Company.
- (b) To assist Directors in discharging their duty to the Company and in compliance with relevant laws to which they are subject, the Company has adopted the following Corporate Ethics Policy (**Policy**).
- (c) This Policy sets out rules binding Directors in respect of:
 - (i) a Director's legal duties as an officer of the Company;
 - (ii) a Director's obligations to make disclosures to the ASX and the market generally; and
 - (iii) dealings by Directors in securities in the Company.
- (d) Executive directors, non-executive directors, nominee directors, alternate directors, de facto directors and shadow directors must all comply with a Director's legal duties.

2 Directors' powers and duties

Each Director is required to comply strictly with the legal, statutory and equitable duties as an officer of the Company. Broadly, these duties are to:

- (a) act in good faith and in the best interests of the Company;
- (b) act with due care and diligence;
- (c) act for proper purposes;
- (d) avoid conflicts of interest or duty; and
- (e) refrain from making improper use of information obtained through the office of Director to gain an advantage (for themselves or someone else) or cause detriment to the Company.

3 General

- (a) Directors owe a variety of duties to the Company. These duties arise as a result of the common law and also under the *Corporations Act 2001* (Cth) (**Act**).
- (b) A Director is said to be in a fiduciary, as opposed to an arm's length, relationship with the Company. As such, a Director will owe various fiduciary duties to the Company which underlie matters relating to the conduct of a Director, including attendance and participation at meetings. Directors should be aware that if they breach their fiduciary

¹ In this document, unless otherwise stated, references to "Company" means a reference to Stanmore Resources Limited and its controlled entities as a whole.

duties to the Company, they may be liable to account to the Company for any profit they derive or to indemnify the Company against any loss their breach has caused.

- (c) Breaches of the Directors' duties under the Act may also give rise to an action for damages, fines and penalties or disqualification.

4 General duties of directors

Duty	Explanation
Care and diligence	<p>Directors must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:</p> <ul style="list-style-type: none"> were a director of a corporation in the same circumstances as the Company; and occupied the same office and had the same responsibilities as the Director. <p>The standard for this duty also takes into account the Director's personal background and experience. However, a Director lacking business experience or practical expertise is not excused from exercising the common sense, practical wisdom and informed judgment of an ordinary prudent person.</p> <p>Apart from the obligation under the Act, a failure of a Director to act with a reasonable degree of care and diligence is also likely to be considered negligent.</p>
Act in good faith	<p>Directors must exercise their powers and discharge their duties in good faith in the best interests of the Company and for a proper purpose (i.e. not for collateral purposes).</p>
No improper use	<p>Being a fiduciary of the Company, Directors may only exercise their powers for the purposes for which they were given.</p> <p>Directors must not improperly use their position or information obtained through their position to:</p> <ul style="list-style-type: none"> gain an advantage, for themselves or someone else; or cause detriment to the Company. <p>Whether or not a particular act in exercise of a power by a Director is for a proper purpose will largely be determined by an assessment of the substantial motivating purpose in the particular case.</p>
Avoid conflicts of interest	<p>Directors must avoid any actual or potential conflict between their obligations owed to the Company and their personal interests or other duties to which they may be subject. See section 6 of this Policy for further information.</p>

Further to the general duties noted above, Directors also have an ongoing duty to prevent the Company from trading while insolvent. To satisfy this duty, Directors must consider the Company's solvency before allowing the Company to incur further debts and must satisfy themselves that it is objectively and reasonably likely that the Company is able to pay its debts as and when they fall due.

5 Business Judgement Rule

- (a) The Act provides a mechanism for Directors to avoid a breach of their duty of care and diligence where certain parameters are met. This is known as the “business judgement rule”. All Directors of the Company are expected to be familiar with this rule.
- (b) A Director who makes a business judgment is taken to meet the duty of care and diligence (whether under statute or the common law) if they:
 - (i) make the business judgment in good faith for a proper purpose;
 - (ii) do not have a material personal interest in the subject matter of the business judgment;
 - (iii) inform themselves about the subject matter of the business judgment to the extent they reasonably believe to be appropriate; and
 - (iv) rationally believe that the judgment is in the best interests of the Company.
- (c) The business judgment rule presumes that a Director’s belief that the judgement is in the best interests of the Company is a rational one, unless no reasonable person in the position of the Director would hold that belief.
- (d) A ‘business judgment’ is any decision to take or not take action in respect of a matter relevant to the business operations of the Company.

Whilst the business judgement rule assists Directors to avoid a breach of their duty of care and diligence, it does not relieve breaches of the other Directors’ duties (such as to act in good faith and for a proper purpose), whether under the Act or otherwise.

- (e) In addition, the Act sets out other defences which are available to Directors in certain limited circumstances. However, the best defence is to not commit an offence.

6 Avoiding conflicts

6.1 Attending and participating in Board meetings

- (a) Directors must consider their duties in respect of conflicts of interest when considering whether or not they should attend and participate in a particular Board meeting.
- (b) If a Director has a conflicting personal interest, whether direct or indirect, in a matter to be discussed at a Board meeting, they should firstly disclose this matter to the Board and secondly consider whether participating in the matter would result in a breach of their fiduciary duties.

A Director who has a material personal interest in a matter that relates to the affairs of the Company must disclose this to the Company.

- (c) Directors who have a material personal interest in a matter generally must not attend a Directors meeting while the matter is being considered or vote on the matter. However, a Director may do these things if a resolution of the Board is passed to this effect or if ASIC consents.
- (d) Despite this, the same cautions must be exercised as discussed above if the other Directors consent to a conflicting Director participating in the meeting. The conflicting Director should ensure that participation will not be in breach of their fiduciary duties or the duties imposed by the Act.

6.2 Common directorships

- (a) Directors must consider their duties in respect of conflicts of interest when companies have Directors in common and a decision involving a potential conflict of interest is required to be taken by one of the companies.
- (b) In this case, it is prudent for the common Directors not to participate in the relevant Board's decision making process on that matter.

6.3 Directors providing services to the Company

- (a) From time to time, in order to capitalise on the professional/technical expertise or experience of Directors (other than in their capacity as Directors), the Company may wish to engage the services of that Director (or a company or firm associated with the Director). If the Company does so, the following conditions must be adopted:
 - (i) the scope of the services to be provided must be identified, together with a schedule of estimated costs and charge out rates to be incurred with the Director or their company or firm;
 - (ii) (where considered necessary or appropriate) the Directors must seek additional quotations for the same services; and
 - (iii) the services must be approved by the Directors.

7 Confidentiality

- (a) Directors of the Company will have access to any information which the Directors may consider necessary to perform their responsibilities and exercise their independent judgement when making decisions. All information received by a Director in these circumstances must be considered confidential and at all times remains the property of the Company.
- (b) Any confidential information of the Company acquired by a Director during the Director's appointment must not be disclosed by the Director, or the Director must not allow it to be disclosed, to any other person unless the disclosure is authorised by the Chairperson or is required by law or regulatory body (including the ASX).

8 Independence

- (a) The Board is required to regularly assess the independence of Directors to ensure that Directors do not have any relationship or interest that interferes with their unfettered and independent judgement, or could reasonably give the impression that the Director's independence has been compromised.
- (b) The Remuneration and Nominations Committee is responsible for considering the independence of Directors and candidates who are to be put forward for election as a Director. In the absence of a Remuneration and Nominations Committee, this function is performed by the Board.
- (c) Directors are required to co-operate fully with any assessment process and give all reasonable information requested.
- (d) Directors are required to fully and frankly tell the Board about anything that:
 - (i) may lead to an actual or potential conflict of interest or duty;

- (ii) may lead to a reasonable perception of an actual or potential conflict of interest or duty;
 - (iii) interferes with a Director's unfettered and independent judgement or their ability to bring such judgement to bear on issues before the Board; or
 - (iv) could reasonably give the impression that a Director's independence has been compromised.
- (e) Directors are also required to inform the Company about any interest which they may have in securities of the Company (or of a related body corporate) or interest in any contract relating to those securities. See section 10.1 of this Policy for further information.

9 Dealings by Directors in securities of the Company

- (a) The Company strongly encourages its Directors to become shareholders in the Company. However, when a Director trades in securities of the Company, it is important to ensure that these transactions do not reflect badly on either the Director or the Company.
- (b) The Directors, among others, must comply with the Company's Securities Trading Policy. Refer to the Company's Securities Trading Policy for further information on the requirements for trading in the Company's securities.

10 Notification to ASX of Directors' interests

10.1 Disclosure of any relevant interests (Appendices 3X, 3Y and 3Z)

- (a) As the Company is listed on the ASX, the Directors have additional requirements under the Act and Listing Rules.
- (b) Directors must provide the ASX with appropriate notifications of their interests in the Company.
- (c) Directors must disclose:
 - (i) relevant interests in securities of the Company or of a related body corporate; and
 - (ii) contracts:
 - (A) to which the director is a party or under which the director is entitled to a benefit; and
 - (B) that confer an interest in the company or a related body corporate.
- (d) A Director must disclose these items to the Company:
 - (i) on their appointment;
 - (ii) on a change to their notifiable interests; and
 - (iii) on ceasing to be a Director.
- (e) Directors must also ensure that the above interests are notified to the ASX in accordance with Listing Rule 3.19A. Listing Rule 3.19A requires the Company, not the particular Director, to notify the ASX of the above interests within 5 business days of a Director's appointment or the relevant change occurring.

- (f) Accordingly, the Company is to enter into an agreement with its Directors under which the Directors are obliged to provide the necessary information to the Company. An agreement of this nature recognises that much of the information required by the ASX in respect of Directors' interests is held by the Directors, by virtue of their position and role within the Company. By entering into a formal agreement, the Company ensures that the Directors of the Company have been notified of their disclosure obligations under the Act and the Directors authorise the Company to give the information provided by Directors to ASX on their behalf and as their agent.
- (g) Directors are expected to provide any necessary information to the Company in a timely manner and in any event, no later than 3 business days after the date of the change.

10.2 Disclosure of substantial holdings (ASIC Forms 603, 604 and 605)

- (a) If a Director and their associates acquire a relevant interest of 5% or more of the total votes attached to the voting securities in the Company, they must give a substantial holding notice. This is done by giving an ASIC Form 603 to the Company and ASX for public announcement.
- (b) If the Director's and their associates' interests then increase or decrease by 1% or more, they must give another substantial holding notice using an ASIC Form 604.
- (c) A final notice needs to be given if the Director's and their associates' interests fall below 5%, using an ASIC Form 605.