



**Related Party Transactions and Conflicts of  
Interest Policy**

## 1. DEFINITIONS

The following definitions apply in this document.

**ASX:** Australian Securities Exchange.

**ASX Listing Rules:** the official listing rules of ASX.

**Board:** Board of Directors of OzAurum Resources Limited.

**Constitution:** the constitution of the Company adopted on 22 October 2020 as amended from time to time.

**Control:** exists where a person has the ability to determine decisions in relation to the financial and operating policies of another entity.

**Corporations Act:** *Corporations Act 2001* (Cth).

**OzAurum:** OzAurum Resources Limited ACN 643 244 544 and any subsidiary under OzAurum's operational control.

**Related Parties:** has the meaning given to it in clause 3.

## 2. RELATED PARTY TRANSACTIONS

### 2.1 Introduction

The purpose of this policy is to establish a protocol for directors and management in negotiating and entering transactions between OzAurum and Related Parties.

Transactions between OzAurum and a Related Party raise a number of potential legal issues:

- (a) there may be an actual or perceived conflict of interest on the part of a director and a director may have a material personal interest for the purpose of section 195 of the Corporations Act;
- (b) a director could breach their duties owed to OzAurum if they fail to separately consider and act in the best interests of the Company, as distinct from the interests of the Related Party;
- (c) a transaction could contravene Chapter 2E of the Corporations Act which, subject to certain exceptions, prohibits public companies from giving financial benefits to a Related Party of the public company without shareholder approval;
- (d) Directors, other persons involved in the negotiations and the Related Party may be liable for civil penalties for a breach of Chapter 2E; and
- (e) the ASX Listing Rules may require approval of the shareholders of OzAurum where OzAurum acquires or disposes of a substantial asset, or issues equity securities, to certain related and other parties.

### 3. Who is a Related Party of OzAurum?

For the purposes of Chapter 2E and the ASX Listing Rules, Related Parties of OzAurum include:

- (a) a director of OzAurum or members of that director's immediate family such as a spouse, parent or child;
- (b) any entity which has the ability to control OzAurum (**Controlling Entity**);
- (c) directors of any Controlling Entity and their immediate families;
- (d) other entities controlled by any of the above parties;
- (e) an entity which was a Related Party to OzAurum within the previous 6 months;
- (f) an entity that believes it will become a Related Party in the future; and an entity acting in concert with a Related Party,

(collectively referred to as **Related Parties**).

### 4. What does 'Giving a Financial Benefit' Involve?

4.1 For the purpose of Chapter 2E, giving a financial benefit is interpreted broadly under the Corporations Act, having regard to the substance rather than the form of the transaction, and includes giving a financial benefit indirectly. Where there is a purchase or sale transaction, both parties to the transaction are 'giving a financial benefit' to the other. The fact that there is payment of consideration for the benefit, even if fair value, does not cause the transaction to escape Chapter 2E of the Corporations Act.

4.2 Some examples of giving a financial benefit include:

- (a) giving or providing finance or property;
- (b) buying or selling an asset;
- (c) leasing an asset;
- (d) supplying or receiving services;
- (e) issuing securities or granting options; and
- (f) taking up or releasing an obligation.

### 5. Shareholder Approval under Chapter 2E - Exceptions

5.1 Shareholder approval will not be required for a Related Party transaction where the following circumstances apply:

- (a) benefits to wholly owned subsidiaries;
- (b) where the transaction is conducted on an arm's length basis (or more favourable to OzAurum than an arm's length basis);

- (c) the financial benefit consists of reasonable remuneration or reimbursement to employees or officers;
- (d) payment of reasonable indemnities, insurance premiums and legal costs;
- (e) small amounts paid to a director (less than \$5,000);
- (f) benefits that do not discriminate unfairly between members; and
- (g) payments made under an order of court.

## **6. Shareholder Approval under the Listing Rules**

6.1 Subject to a number of exceptions, under ASX Listing Rule 10.1, OzAurum may not, without the approval of non-associated shareholders, acquire a substantial asset from, or dispose of a substantial asset to:

- (a) a Related Party;
- (b) a subsidiary;
- (c) a substantial shareholder who has or who had at any time within 6 months prior to the transaction an interest in at least 10% of the voting securities in the Company;
- (d) an associate of any of the persons referred to above; or
- (e) a person whose relationship to OzAurum or to a person referred to above is such that, in ASX's opinion, the transaction should be approved by the shareholders in the Company.

6.2 An asset is a 'substantial asset' if its value, or the value of the consideration is, or in ASX's opinion is, 5% or more of the equity interests in the Company.

6.3 The ASX may deem shareholder approval is necessary even where the transaction falls below the 5% threshold in certain circumstances.

6.4 Subject to a number of exceptions, under ASX Listing Rule 10.11, shareholder approval may be required for an issue of equity securities to a Related Party.

## **7. Procedures for Related Party Transactions**

7.1 All proposed or potential Related Party transactions must be disclosed to the Board of OzAurum before they are entered into.

7.2 All Related Party transactions must be undertaken on arm's length terms or otherwise in compliance with Chapter 2E and the ASX Listing Rules.

7.3 Consideration of all proposed or potential Related Party transactions must be undertaken in compliance with section 195 of the Corporations Act, which may preclude a director.

7.4 Arrangements concerning Related Party transactions should generally be negotiated at arm's length by persons who are independent of the Related Party. This may

require an independent committee of the Board to be formed to supervise negotiations.

- 7.5 All Related Party transactions should generally be approved only by independent members of the Board of OzAurum. Both before and during a Related Party transaction, it should be ensured the transaction meets the following criteria:
- (i) **(it is in the best interests of existing shareholders)**: the obligation to act in the best interests of shareholders means that the Board is required to ensure that Related Party transactions are conducted at arm's length and on commercial terms;
  - (ii) **(fair value and reasonable)**: the terms negotiated of the transaction must be at least as good as, or better than it would receive if it were dealing at arm's length on a commercial basis;
  - (iii) **(properly documented)**: including records to justify the price and any other terms and conditions upon which the Related Party transaction is entered into, in particular the rationale for entering into the transaction;
  - (iv) **(independent report)**: report as to the reasonableness of the price and other terms and conditions may be appropriate in certain circumstances; and
  - (v) **(disclosure)**: appropriate disclosure.
- 7.6 Where the Board considers it appropriate or necessary, independent advice should be sought in relation to whether a Related Party transaction is permitted by Chapter 2E or the ASX Listing Rules, requires shareholder approval, is on arm's length terms or requires disclosure to the market.

## 8. CONFLICTS OF INTEREST

### 8.1 Introduction

Under the Corporations Act and general law, directors and officers must avoid situations where their interests and the interests of the company conflict. Each director and officer has a duty to avoid conflicts of interest. Interests which give rise to a conflict include, without limitation:

- (a) other directorships;
- (b) potentially conflicting duties owed to other entities;
- (c) outside investments of the director and officer and their Related Parties; and
- (d) outside employment or engagements.

This policy intends to provide guidance to directors and officers in complying with their obligations to take all reasonable steps to avoid actual, potential or perceived conflicts of interests.

### 8.2 Declaration of Interests

Directors and officers are required to comply with the Company's Code of Conduct, which amongst other things, imposes obligations in relation to conflicts of interest. In

addition to those obligations, directors and officers must comply with the following requirements:

- (a) they must take all reasonable steps to avoid actual, potential or perceived conflicts of interests;
- (b) in accordance with the Corporations Act, directors must disclose any conflicts of interest and, in certain circumstances, abstain from participating in any discussion or voting on matters in which they have a material personal interest;
- (c) in the event that a director or officer becomes aware of any current or potential conflicts of interest, the director must immediately notify the Chair or the company secretary;
- (d) Directors may choose to submit standing notices of interest to all Board members, or must disclose his or her interest in a matter being considered by the Board at that time;
- (e) Directors and officers are expected to be sensitive to actual and perceived conflicts of interest that may arise and give ongoing consideration to this in view of the changing nature of the Company's business;
- (f) all Related Party transactions require proper approval from the Board in accordance with the Related Party transactions section of this policy; and
- (g) Directors and officers must obtain the Company's consent before disclosing Company information to another company or third party.

8.3 In accordance with clause 51.2 of the Constitution, the fact that a Director holds office as a Director, and has fiduciary obligations arising out of that office:

- (a) will not void or render voidable a contract made by a Director with the Company;
- (b) will not void or render voidable a contract or arrangement entered into by or on behalf of the Company and in which the Director may have any interest; and
- (c) will not require the Director to account to the Company for any profit realised by or under any contract or arrangement entered into by or on behalf of the Company and in which the Director may have any interest.

## **9. Procedures to Manage Conflicts of Interest**

Generally speaking, directors:

- (a) must disclose to the Board any actual or potential conflicts of interest which may exist or might reasonably be thought to exist as soon as they arise;
- (b) cannot receive the relevant Board or Board committee papers if the actual or potential conflict is recognised in advance of the circulation of the papers unless the other directors agree otherwise;

- (c) must absent themselves from the room when the Board or committee discusses and votes on matters to which the conflict relates unless the other directors resolve that the director in question may stay as permitted by the Constitution and the Corporations Act;
- (d) cannot vote on the matter unless the other directors resolve that the director in question can vote as permitted by the Constitution and the Corporations Act; and
- (e) must, if deemed appropriate by the Board of the Company, take such other steps as are necessary and reasonable to resolve any conflict of interest within an appropriate period.

## **10. ADOPTION AND REVIEW OF THIS POLICY**

### **10.1 Inconsistency with Constitution**

To the extent that there is any inconsistency between this policy and the Company's Constitution, the Constitution will prevail.

### **10.2 Adoption**

The Board adopted this policy on the date specified below. It takes effect from that date and replaces any previous Related Parties transactions and conflicts of interest policy in this regard.

### **10.3 Review**

This policy can only be amended with the approval of the Board. The Board will review this policy periodically and will communicate any amendments to Company directors, employees, other personnel and shareholders, as appropriate.

<b>Status</b>	Approved and Issued	
<b>Approved By</b>	Board	
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2020.1	26 November 2020	Company Secretary
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