

AUSTRALIAN MINES LIMITED CORPORATE GOVERNANCE STATEMENT

Australian Mines Limited ("The Company") and its Board are committed to achieving and demonstrating high standards of corporate governance. This statement sets out the main corporate governance practices of the Company during the financial year, providing disclosure in accordance with the Corporate Governance Principles and Recommendations 2nd edition August 2007 as published by the ASX Corporate Governance Council. All these practices, unless otherwise stated, were in place for the entire year. Disclosure is made at the end of this statement of areas of non-compliance with the recommendations.

Further details of the various charters, policies, codes and procedures that document the Company's corporate governance practices are set out in The Company's website at www.australianmines.com.au.

The Board of Directors and Management.

The Board has adopted a formal statement of its roles, functions and responsibilities.

The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. Its functions and responsibilities include:

- setting policy and strategic direction and adopting a corporate strategy;
- monitoring Company and management's performance against this strategy;
- overseeing control and accountability systems;
- identifying the principal risks and opportunities of the Company's business;
- ensuring appropriate risk management systems are established and reviewed;
- ensuring there are sufficient resources to meet objectives and strategies;
- approving and monitoring financial reporting, capital management and compliance;
- appointing senior management, monitoring senior management's conduct and performance and overseeing remuneration, development and succession;
- adopting procedures to ensure the business of the Company is conducted in an honest, open and ethical manner consistent with Company values;
- approving all significant business transactions;
- ensuring the Company meets its continuous disclosure obligations and that its shareholders have available all information reasonably required to make informed assessments of the Company's prospects;
- overseeing the Company's commitment to sustainable development, the environment, health and safety of employees, contractors, customers and the community;
- ensuring that the Board remains appropriately skilled to meet Company needs;
- reviewing and approving corporate governance systems; and
- delegating authority to management where appropriate.

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The Board of Directors and Management (cont.)

This statement is included on the Company's website, and is to be reviewed annually to ensure it remains appropriate to the needs of the Company given its size, complexity and ownership structure and the skills of directors and managers.

The Board is also governed by the Company's Constitution and its various policies, as described elsewhere in this Statement.

A strategic balance is maintained between the responsibilities of the Board and the Managing Director.

Board Members

The Company currently has five directors, Michael Ramsden, Mick Elias, Dominic Marinelli, Neil Warburton and Benjamin Bell. Details of these directors, including their skills, experience and terms of office are set out in the Company's annual report.

Mr Ramsden, and his personally-related entities, currently holds 3.90% of the Company. Thereby in accordance with guidelines adopted by the Board he is considered an independent non-executive director.

Mr Elias owns approximately 0.89% of the shares of the Company. Thereby in accordance with guidelines adopted by the Board he is considered an independent non-executive director.

Mr Marinelli, and his personally-related entities, currently holds 2.77% of the Company. Thereby in accordance with guidelines adopted by the Board he is considered an independent non-executive director.

Mr Warburton, and his personally-related entities, currently holds 1.36% of the Company. Thereby in accordance with guidelines adopted by the Board he is considered an independent non-executive director.

Mr Bell was appointed Managing Director on 23 January 2012, and is associated with a current holding of 1.88% of the Company. Thereby in accordance with guidelines adopted by the Board he is not considered independent.

The Board has adopted a materiality threshold relating to a director's current or former association with a supplier, professional adviser or consultant to the Company. From the Company's viewpoint, material is more than 5% of the Company's total consolidated expenses for the relevant financial year. From the director's viewpoint when assessing an association, material is more than 5% of the total revenue of the supplier, adviser or consultant as the case may be.

The Board considers the make-up of the Board is appropriate given the Company's size and operations. The effectiveness of the Board is achieved through knowledge and experience specific to the business and the industry in which it operates.

Details of the members of the Board, their skills, experience, qualifications, term of office and independence status are set out in the Annual Directors' Report under the heading "information on directors".

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The Board of Directors and Management (cont.)

Directors' Independence

The Board has also adopted procedures intended to ensure that independent decision making occurs. All directors are entitled to seek independent professional advice, at the Company's cost, in carrying out their duties, subject to the chairperson's prior approval of the expenditure, which will not be unreasonably withheld. Further, in accordance with the *Corporations Act 2001* (Cth) and policies adopted by the Company, each member of the Board is required to keep the Board advised on an ongoing basis of any potential conflict of interest which may exist with the Company. If a conflict does exist, the director concerned must absent themselves from any Board discussion in relation to the relevant item and not vote upon such an item. Non-executive directors are also encouraged to confer on a needs basis without management in attendance.

Term of Office

The Company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting following the last election. Where eligible, directors may stand for re-election.

Responsibilities of Management

The Managing Director is accountable to the Board for management of the Company and its subsidiaries within authority levels reviewed and approved by the Board each year, has authority to approve capital expenditure within predetermined limits set out by the Board, and is subject to the supervision of the Board. Material strategic and policy decisions are made by the Board.

The Managing Director is responsible for maintaining financial control across the Company and its subsidiaries. This includes management reporting to the Board, statutory accounting, auditing, taxation and insurance. Financial performance is monitored against financial control guidelines.

The Board adopted its formal statement and its various policies in June 2005.

Independent Professional Advice

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Indemnification and insurance of Directors and Officers

The Company, to the extent permitted by law, indemnifies each Director, alternate Director, or executive officer (and any person who has previously served in any such capacity) against any liability or cost incurred by the person as an officer of the Company, or a related body corporate of the Company, including but not limited to liability for costs incurred in defending proceedings in which judgment is given in favour of the person or in which the person is acquitted. The indemnity may be extended to other employees at the discretion of the Directors.

Performance assessment

The Board Charter sets out the process to undertake an annual assessment of the Board's collective performance, the performance of the Chairman and its committees.

The performance of senior executives is assessed by the Managing Director. The assessment involves an annual review of performance and development and the results of the review are formally documented.

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Remuneration Committee

A Remuneration Committee was established by the Board in 2004. A majority of the members of the Committee are required to be non-executive directors and the Committee is required to be chaired by the non-executive Chairman.

The names of the members of the Remuneration Committee are Neil Warburton, Michael Ramsden and Dominic Marinelli. Their attendance at Remuneration Committee meetings is set out in the Company's annual report.

The Committee is chaired by Michael Ramsden, the non-executive Chairman due to his experience and expertise in the areas in which the Company operates and his non-executive status, the Board considers that he is suitably skilled to perform the role of chair of the Remuneration Committee. The Committee consisted of a majority of independent directors.

Each member of the senior executive team signs an employment contract at the time of their appointment covering a range of matters, including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Remuneration Committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration is set out in the Remuneration Report.

Executive remuneration and other terms of employment is reviewed annually by the Committee having regard to personal and corporate performance, contribution to long term growth, relevant comparative information and independent expert advice. As well as a base salary and compulsory superannuation, remuneration packages may include retirement and termination entitlements, performance-related bonuses and fringe benefits. Non-executive directors and executives are eligible to participate in the Employee Share Option Plan which provides for the issue of options in the Company. Any allotment of options to directors must be approved by shareholders at a general meeting.

Details of the qualifications of directors of the remuneration committee and their attendance at Committee meetings are set out in the Directors' Report.

Audit and Risk Committee

The Company recognises the importance of an audit committee, and has established a Committee in September 2012.

Until the Audit and Risk Committee was formed, the Board considered and dealt with matters which would ordinarily be attended to by an audit committee, including:

- to recommend engagement and monitor performance of the external auditor;
- to review the effectiveness of management information and internal control;
- to review all areas of significant financial risk and risk management;
- to review significant transactions not a normal part of the Company's business;
- to review financial information and ASX reporting statements; and
- to monitor internal controls and accounting compliance.

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Audit and Risk Committee (cont.)

The Audit Committee is required to meet at least twice per year, review annual and half-year accounts, and report to the Board of Directors. The Audit and Risk Committee also oversees the Company's risk management systems and procedures.

External Auditors Policy

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditors is reviewed annually and applications for tender of external services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. The Corporations Act 2001 requires the rotation of the audit engagement partner every five years.

Analysis of fees paid to external auditors, including a break-down of fees for non-audit services, is provided in the Annual Report at Note 7 to the financial statements. The external auditors are required to provide an annual declaration of their independence to the Board and to the Audit Committee. The external auditor is required to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Nomination Committee

The Company recognises the importance of a nomination committee however currently there is no nomination committee in place. See comments made in the non-compliance statement.

Risk Assessment and Management

The Company has in place a risk assessment and management policy, which sets out the Company's systems for risk assessment and management. The key aspects of the policy are that:

- the Board oversees the establishment and implementation of risk management systems and control frameworks, and in the absence of a separate audit committee has the responsibility to establish, implement and maintain these systems and frameworks; and
- the Company's senior management is delegated the tasks of management of operational risk and the implementation of risk management strategies with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The Board reviews the Company's risk management systems and control frameworks, and the effectiveness of their implementation, annually. The Board also considers the management of risk at its regular meetings. The Company's risk profile, which is assessed and determined on the basis of the Company's business in commercial mining and mineral exploration, is reviewed annually upon advice from management including, where appropriate, as a result of regular interaction with management and relevant staff from across the Company's business.

The Board or the Company's senior management may consult with the Company's external accountants on external risk matters as required.

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Risk Assessment and Management (cont.)

The Company's risk management systems and control frameworks for identifying, assessing, monitoring and managing its material risks, as established by the Board in conjunction with management, include:

- the Board's ongoing monitoring of management and operational performance;
- a comprehensive system of budgeting, forecasting and reporting to the Board;
- approval procedures for significant capital expenditure above threshold levels;
- regular Board review of all areas of significant financial risk and all significant transactions not part of the Company's normal business activities;
- regular presentations to the Board by management on the management of risk;
- comprehensive written policies in relation to specific business activities;
- comprehensive written policies in relation to corporate governance issues;
- regular communication between directors on compliance and risk matters; and
- consultation and review processes between the Board and external accountants.

The Board requires each major proposal submitted to the Board for decision be accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies. The Company has in place an insurance program which is reviewed periodically by the Board. The Board receives regular reports on budgeting and financial performance. A system of delegated authority levels has been approved by the Board to ensure business transactions are properly authorised and executed.

Environment, Health and Safety

The Company recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective the board facilitates the systematic identification of environment and OH&S issues and ensures they are managed in a structured manner. This system allows the Company to:

- monitor its compliance with all relevant legislation;
- continually assess and improve the impact of its operations on the environment;
- encourage employees to actively participate in the management of environment and OH&S issues;
- work with trade associations representing the entity's business to raise standards;
- use energy and resources efficiently; and
- encourage the adoption of similar standards by the entity's principal suppliers, contractors and distributors.

To manage OH&S issues, the Board has approved a number of procedure documents including a Safety Management Plan and an Emergency Response Plan. It is a condition of employment for all employees to follow these procedures. Reporting on OH&S issues is a standard agenda item at Board Meetings.

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Code of Conduct

The Company adopted, in 2002, the Australian Institute of Company Director's Code of Conduct ("AICD Code") to set appropriate standards of ethical and professional behaviour for its directors. In June 2005, the Company adopted a "Code of Conduct for Directors and Key Executives", which affirmed the Company's adoption of the AICD Code as appropriately setting the standards of ethical behaviour for directors. The Board will review compliance with this Code of Conduct every 12 months.

The Company's Code of Conduct for Directors and Key Executives prescribes standards including acting honestly and in good faith, exercising powers for a proper purpose, using due care and diligence, exercising independent judgment and avoiding a conflict of interest.

The Company has also adopted a "General Corporate Code of Conduct" ("General Code") which details the Company's commitment to appropriate corporate practices to its legitimate stakeholders and sets the standards expected of officers and employees in carrying out their duties.

The Company has in place a trading policy concerning trading in Company securities, a copy of which is provided to all officers and employees of the Company.

The trading policy imposes certain restrictions on the Company's officers and employees trading in the Company's securities to prevent breaches of the insider trading provisions of the Corporations Act 2001 (Cth). The key aspects of the policy are that:

- trading in Company securities and other tradeable financial products is only permitted upon notification, in the case of employees, to the Company's Managing Director or, in the case of officers, to the Company's Chairman. If the Chairman wishes to trade he must notify the Company's Managing Director. Trading is only permitted for 2 weeks following notification and confirmation of trading must be provided to the Managing Director or Chairman (as the case may be);
- no trading is permitted at any time where an officer or employee is in possession of information which, if it was generally available, a reasonable person would expect to have a material effect on the price or value of the security or product, or for a period of 2 days following a public announcement by the Company in relation to the matter the subject of that information; and
- active dealing, being trading in a manner which involves frequent and regular trading, in the Company's securities is not permitted.

The trading policy is provided to all the Company officers and employees and compliance with it is reviewed at least annually. The Company's current trading policy was adopted in June 2005 but reflects the position adopted under its previous trading policies.

The implementation of and compliance with the Company's trading policy is dealt with in the procedures and mechanisms set out in the Company's risk assessment and management policy.

AUSTRALIAN MINES LIMITED
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Continuous Disclosure and Shareholder Communication

The Company has in place a continuous disclosure policy, a copy of which is provided to all Company officers and employees who may from time to time be in the possession of undisclosed information that may be material to the price or value of the Company's securities.

In addition, at each of its meetings, the Board discusses continuous disclosure issues as a standing item and a list of all recent Company announcements is presented.

The continuous disclosure policy aims to ensure compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 (Cth) and the ASX Listing Rules. The aim of the policy is to:

- assess information and co-ordinate the timely disclosure to the ASX or the seeking of advice on the information;
- provide an audit trail of decisions regarding disclosure; and
- ensure officers and employees of the Company understand the obligation to bring relevant information to the attention of the chairperson.

The procedure adopted by the Company is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who in consultation with the Board (where practicable) and any other appropriate personnel will consider the information and whether disclosure is required and prepare an appropriate announcement.

In every 12 month period, the Board will review the Company's compliance with this continuous disclosure policy and update it from time to time, if necessary. This continuous disclosure policy was adopted in June 2005 and reflects the position adopted under its previous continuous disclosure policies.

The Managing Director has been nominated as the person responsible for communication with Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing, in conjunction with the Directors, information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website on the same day it is released to the ASX. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

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Diversity Policy

The Company believes that the promotion of diversity on boards, in senior management and within the organisation generally broadens the pool for recruitment of high quality directors and employees; is likely to support employee retention; through the inclusion of different perspectives, is likely to encourage greater innovation; and is socially and economically responsible governance practice.

The Company is in compliance with the ASX Corporate Governance Council's Principles & Recommendations on Diversity. The Board of Directors is responsible for adopting and monitoring the Company's diversity policy. The policy sets out the beliefs and goals and strategies of the Company with respect to diversity within the Company. Diversity within the Company means all the things that make individuals different to one another including gender, ethnicity, religion, culture, language, sexual orientation, disability and age. It involves a commitment to equality and to treating of one another with respect.

The Company is dedicated to promoting a corporate culture that embraces diversity. The Company believes that diversity begins with the recruitment and selection practices of its board and its staff. Hiring of new employees and promotion of current employees are made on the bases of performance, ability and attitude.

Currently there is one woman in the organization, and none on the board. Given the present size of the Company, there are no plans to establish measurable objectives for achieving gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re-assessed as the size of the Company increases.

Non-Compliance Statement

The Company has not followed all of the recommendations set out in Australian Securities Exchange Limited Listing Rule 4.10.3. The Recommendations that have not been followed and the explanation of any departure are as follows:

Nomination Committee

The Board has not established a nomination committee as, due to the Company's size and its operations, the Board considers a separately established committee is not warranted and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made and adheres to the principle of establishing a board comprising directors with a blend of skills, experience and attributes appropriate to the Company and its business. The main criterion for the appointment of directors is an ability to add value to the Company and its business. All directors appointed by the Board are subject to election by shareholders at the following annual general meeting of the Company.

Non-Executive Directors should not receive options.

Non-executive directors are eligible to participate in the Employee Share Option Plan however any allotment must be approved by shareholders at a general meeting of the Company. The board considers it important to offer non-executive directors an incentive for their ongoing commitment and dedication to the growth of the Company.

AUSTRALIAN MINES LIMITED

STATEMENT OF BOARD'S ROLES, FUNCTIONS AND RESPONSIBILITIES AND THOSE DELEGATED TO MANAGEMENT

This Statement of Roles, Functions and Responsibilities has been adopted by Australian Mines Limited ("**Company**") to set out the roles, functions and responsibilities of the Company's Board, in addition to the roles and functions set out in its Constitution.

The primary role of the Company is the optimisation of the Company's performance and the protection and enhancement of shareholder value.

The Board fulfils its role by adopting the following functions and responsibilities:

- setting policy and strategic direction and adopting a corporate strategy;
- monitoring the Company's and its management's performance against this strategy;
- overseeing control and accountability systems;
- identifying the principal risks and opportunities of the Company's business;
- ensuring appropriate risk management systems are established and regularly reviewed;
- ensuring the Company has sufficient resources to meet its objectives and strategies;
- approving and monitoring financial reporting, capital management and compliance;
- appointment and monitoring of the conduct and performance of senior management and overseeing the remuneration, development and succession of senior management;
- ensuring that appropriate procedures are in place so that the business of the Company is conducted in an honest, open and ethical manner consistent with Company values;
- approving all significant business transactions including acquisitions, divestments and capital expenditure;
- ensuring that the Company provides continuous disclosure of information to the investment community, and that its shareholders have available all information they reasonably require to make informed assessments of the Company's prospects;
- overseeing the Company's commitment to sustainable development, the environment and the health and safety of employees, contractors, customers and the community;
- ensuring that the Board remains appropriately skilled to meet the Company's needs;
- reviewing and approving corporate governance systems; and
- delegating authority to management where appropriate.

A strategic balance is maintained between the responsibilities of the Board and the Managing Director. The Company does not have a Chief Financial Officer but employs a secretary/bookkeeper person to assist with the financial management of the company.

The Managing Director is accountable to the Board for the management of the Company and its subsidiaries within authority levels reviewed and approved by the Board each year. The Managing Director has authority to approve capital expenditure within predetermined limits

set out by the Board. The Managing Director is subject to supervision of the Board and all material strategic and policy decisions are made by the Board.

The bookkeeper is responsible for maintaining financial control across the Company and its subsidiaries. Financial control responsibility includes management reporting to the Board, statutory accounting, auditing, taxation and insurance. Financial performance is monitored against financial control guidelines.

The Board will review this Statement annually to ensure it remains appropriate to the needs of the Company given its size, complexity and ownership structure and the skills of directors and managers.

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

CODE OF CONDUCT FOR DIRECTORS
AND KEY EXECUTIVES

Introduction

This Code of Conduct has been adopted by Australian Mines Limited ("**Company**") to set the standards of ethical behaviour required of directors and key executives (being officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the business and its financial performance) and encourage the observance of those standards.

Other Codes and Policies

This Code should be read in conjunction with other Codes and Policies being in particular the General Corporate Code of Conduct that details the Company's commitment to appropriate corporate practices to legitimate stakeholders, the Trading Policy and the Continuous Disclosure Policy.

Code of Conduct

In 2002 the Board adopted the Australian Institute of Company Directors ("**AICD**") Code of Conduct. The Board continues to consider the AICD Code appropriately sets standards of ethical behaviour.

The AICD Code prescribes the following standards for directors:

1. A director must act honestly, in good faith and in the best interests of the Company as a whole.
2. A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. A director must use the powers of office for a proper purpose, in the best interests of the company as a whole.
4. A director must recognise that the primary responsibility is to the company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the company.
5. A director must not make improper use of information acquired as a director.
6. A director must not take improper advantage of the position of director.
7. A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.

8. A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
9. Confidential information received by a director in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
10. A director should not engage in conduct likely to bring discredit upon the company.
11. A director has an obligation, at all times, to comply with the spirit as well as the letter, of the law and with the principles of this Code.

The AICD Code is **attached** with this Policy. It provides guidelines to the standards for directors.

The Board will review compliance with this Code at least once every 12 months.

AUSTRALIAN MINES LIMITED
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SECURITIES TRADING POLICY

This Policy has been adopted by Australian Mines Limited ("**Company**") to establish and set out the Company's policy for trading in securities by its officers and employees.

INTRODUCTION

The Company's officers and employees may have in their possession sensitive commercial information which could materially affect the value of the securities of the Company, entities that it may invest in from time to time or any of the Company's major shareholders. The *Corporations Act 2001* (Cth) ("**Act**") prohibits "insider trading" in relation to securities. The provisions are wide ranging and breaches are serious offences.

This Policy:

- provides an outline of the insider trading and other relevant provisions of the Act; and
- sets out the rules relating to dealings in the securities of such entities by the Company's officers and employees, which are designed to assist preventing breaches of the insider trading provisions of the Act. Ultimately, it is the responsibility of the person to ensure that none of his/her dealings could constitute insider trading.

THE INSIDER TRADING PROHIBITION

The nature of the prohibition

Section 1043A of the Act makes it an offence for a person in possession of information that is not generally available, but which if generally available, a reasonable person would expect it to have a material effect on the price or value of a security or relevant financial product to:

- apply for, acquire or dispose of or enter into an agreement to do any of these things; or
- procure another person to apply for, acquire or dispose of or enter into an agreement to do any of these things.

It is also an offence to "tip" the information to another person with the knowledge that the person could deal in securities. Accordingly, the effect of the section cannot be avoided by simply getting another person to trade on your behalf.

How you became aware of the information is irrelevant

It is irrelevant how or in what capacity the person came into possession of the information. This means that any Company director or employee who acquires "inside information" in relation to a security or relevant financial product, no matter in which capacity, will be caught by Section 1043A and prohibited from trading in that security or relevant financial product.

OTHER RELEVANT CORPORATIONS ACT PROVISIONS

Officers of a company (which expression is defined to include a director, secretary or executive officer of the company) and, in some instances, employees are subject to the duties set out in Part 2D.1 of the Act. Relevantly these include the duties set out below:

No improper use of inside information

An officer or employee, or a former officer or employee, must not make improper use of information acquired by virtue of his or her position as such an officer or employee to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the company.

No gain by improper use of position

An officer or employee of the Company must not make improper use of his or her position as such an officer or employee, to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the company.

THE SHARE TRADING RULES OF THE COMPANY

In these rules, reference to "Securities" include shares, units in trusts, debentures, prescribed interests, any other financial products that are able to be traded on a financial market and rights or options to subscribe for such securities in the Company and in entities in which the Company has an investment from time to time.

Trading permitted following due notice

Subject to ASX Listing Rules 3.2, 3.3 and 3.4, no officer or employee or entity controlled by them is allowed to trade the Securities without prior notification to the Managing Director in the case of employees and to the Chairman in the case of directors (if the Chairman wishes to trade he must notify the Managing Director). Trading is only permitted for 2 weeks following this notification and confirmation of any trading must be provided to the Managing Director or the Chairman (as the case may be).

Closure of trading facility

The trading facility may be closed at any time by direction of the Chairman or a majority of directors.

Prohibition on dealing while in possession of relevant information

Dealing in the Securities is subject to the prohibition that a Company officer or employee must not deal in Securities:

- at any time when he or she is in possession of unpublished information, which if generally available, might materially affect the price or value of those Securities; or
- for a period of 2 days following the making of a public announcement in relation to that matter.

If, after you have placed an order to buy or sell the Securities:

- you come into possession of relevant information that might materially affect the price or value of the Securities; and
- your order has not been filled,

You must cancel that order.

Prohibition on active dealing in the Securities

Dealing in the Securities is subject to the prohibition that a Company officer or employee must not engage in the business of actively dealing in the Securities. "Actively dealing" means to deal in the Securities in a manner which involves frequent and regular trading.

INFORMATION WHICH MIGHT EFFECT PRICE OR VALUE

The prohibition referred to in Listing Rule 3.3 refers to unpublished information or information which is not otherwise in the public domain which, if generally available, might materially affect the price or value of the Securities.

What does "information" include?

"Information" includes matters of supposition or speculation and matters relating to the intentions or likely intentions of a person.

What information might materially affect price or value?

This means information that a reasonable person would expect to have a material effect on the price or value of the Securities including information material to the value of the Company. A reasonable person would be taken to expect information to have a material effect on price or value if the information would be likely to influence persons who commonly invest in securities in deciding whether or not to do so.

Examples of this type of information are:

- proposed changes in the capital structure, capital returns and buybacks of securities;
- a material acquisition, divestment or realisation of assets;
- proposed dividends and share issues;

- changes to the board;
- changes to the book or market values of investments;
- possible events which could have a material impact on profits (adversely or positively) eg, equity accounted loss of an associated entity.
- proposed changes in the nature of the business;
- notification of a change in substantial shareholding; and
- any information required to be notified to ASX pursuant to Listing Rule 3.1 (the continuous disclosure requirement).

What does "unpublished" mean?

"Unpublished" means that the information is not generally available. Information is generally available if it consists of readily observable matter, or has been disseminated in a manner likely to bring it to the attention of investors and a reasonable period has elapsed.

APPOINTMENT AND MONITORING OF COMPLIANCE

To promote an understanding of the insider trading prohibition and related Corporations Act provisions, a copy of this Policy will be provided to all the Company officers and employees (present or future) of the Company.

At least once every 12 months, the Company will review compliance with this Policy.

The share trading restrictions contained in this Policy are embodied in the letter of appointment of new directors as forming part of the terms of appointment.

TRADING UNDER EXCEPTIONAL CIRCUMSTANCES

Any Company officer or employee who is not in possession of inside information in relation to the Company may be given prior written clearance to sell or dispose of the Company's securities outside the trading windows where there are exceptional circumstances.

Examples of what constitutes exceptional circumstances are:

- (a) severe financial hardship which means a Company officer or employee has a pressing financial commitment that cannot be satisfied otherwise than by selling the Securities,
- (b) court order requiring the sale or transfer of the Company's securities; or
- (c) a situation determined by the Chairman or CEO to be an exceptional circumstance.

Trading under exceptional circumstances must be made in writing (including electronic format) to the Managing Director/Company Secretary. Retrospective approval cannot be granted, the approval to sell or dispose of securities must be obtained in advance of the claim.

The application must include:

- (a) the name of the restricted person,
- (b) whether the interest in the Company's securities held by the Applicant is direct or indirect (and if it is indirect, the circumstances giving rise to the interest);
- (c) a description of the sale or disposal;
- (d) the proposed date of the sale or disposal;
- (e) the number of the securities to be sold or disposed of;
- (f) the amount to be paid or received for the Securities; and
- (g) the number of Securities held by the Applicant, directly and indirectly, before and after the sale.

Written approval including electronic format, if granted will expire within fourteen (14) days of being granted or such shorter or longer period as specified.

TRADING EXCLUDED FROM THE POLICY

The following types of transactions are specifically excluded from the operation of the trading policy:

- (a) Transfers of securities already held in a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- (b) an investment in a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) Where a restricted person is a trustee, trading in the securities of the entity by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during the prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- (d) Undertakings to accept, or the acceptance of, a takeover offer;
- (e) Trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a secondary 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 entitlements under a renounceable pro rata issue;
- (f) A disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- (g) The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or conversion of the security, falls during a prohibited period and the Company has been in a long prohibited period or has had a number of prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; and

- (h) Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where;
- a. the restricted person did not enter the plan or amend the plan during a prohibited period;
 - b. the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and
 - c. the Company's trading policy does not allow the restricted person to cancel the trading plan or otherwise vary the terms of participation in the trading plan during a prohibited period other than in exceptional circumstances.

CONCLUSION

Compliance with the rules set out in this Policy is very important. Infringement of the insider trading provisions can attract a substantial monetary penalty, imprisonment or both. Failure to comply with the rules could have a damaging impact on the perception of the Company within the investment community. Any Company officer or employee who does not comply with the rules set out in this Policy will be considered to have engaged in serious misconduct which may result in the termination of their engagement with the Company.

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

CONTINUOUS DISCLOSURE POLICY

This Policy has been adopted by Australian Mines Limited ("**Company**") to establish and set out the Company's policy for continuous disclosure by its directors and employees.

1. INTRODUCTION

The continuous disclosure provisions of the *Corporations Act 2001* (Cth) ("**Act**") and ASX Listing Rules ("**Listing Rules**") mean that criminal and civil liabilities could be imposed on the Company and its officers if information is not released immediately after it becomes known.

This Policy deals with:

- (a) the key obligations of the Company;
- (b) the type of information that needs to be disclosed;
- (c) the procedures for internal notification and external disclosure;
- (d) the roles and responsibilities of officers in the disclosure context;
- (e) the procedures for promoting understanding of compliance with disclosure requirements; and
- (f) the procedures for monitoring compliance.

2. KEY OBLIGATIONS OF THE COMPANY TO NOTIFY

2.1 Officers and employees of the Company:

Are you aware of any information about the Company that might influence someone in deciding to buy or sell the Company's securities?

If so, immediately notify the Managing Director or Chairman of the Company.

2.2 Chairman of the Company

The Chairman (or Managing Director) will promptly review such information in consultation with appropriate personnel. When required, an announcement to ASX will be prepared and released.

3. THE COMPANY'S OBLIGATIONS

Listing Rule 3.1 requires "immediate" disclosure of any information concerning the Company or its associated entities which the Company or its associated entities is or becomes aware of and which a reasonable person would expect to have a "material effect" on the price or value of securities in the Company. Section 674 of the Act reinforces Listing Rule 3.1.

The requirement to disclose this information does not apply if, and only if, each of the following conditions is and remains satisfied:

- a reasonable person would not expect the information to be disclosed; and
- the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
- one or more of the following conditions apply:
 - it would be a breach of a law to disclose the information;
 - the information concerns an incomplete proposal or negotiation (for example, a negotiation to enter into a new contract);
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - the information is generated for the internal management purposes of the Company; or
 - the information is a trade secret.

Attached to this Policy is a copy of the ASX Guidance Note 8 in respect of Listing Rule 3.1 which explains the ASX approach to this Listing Rule.

4. **HOW DOES THE COMPANY BECOME AWARE OF INFORMATION?**

The Company will be deemed to have become aware of information where a director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of his/her duties as a director or executive officer of the Company.

As the Listing Rule fixes the Company with the knowledge of a director or executive officer, it is very important to follow the notification procedures set out later in this Policy. Because there is an obligation to disclose information that a director or officer “ought reasonably” to have come into possession of, the notification procedures in this Policy are designed to ensure that all potentially relevant information regarding the Company or an associated entity of it, is brought to the attention of the Company.

An executive officer is a person concerned in, or taking part in, the management of the Company.

5. **MATERIALITY**

The Company must disclose information if a reasonable person would expect that information to have a material effect on the price or value of the securities of the Company. A reasonable person is taken to expect information to have such an effect 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.

Neither the Listing Rules nor the Act define when information will be taken to have such an effect. In practice, usually a monetary test is adopted using thresholds from the accounting standards relevant to preparation of financial statements. However, other concepts of materiality are also adopted in addition to a monetary threshold. For example:

- whether a matter will significantly damage the Company's image or reputation;
- whether a matter will significantly affect the Company's ability to carry on business in the ordinary course;
- whether the matter involves a breach of any law or regulation.

Information may include information necessary to prevent or correct a false market.

6. **THE TYPE OF INFORMATION THAT NEEDS TO BE DISCLOSED**

It is not possible to exhaustively list the information, which must be disclosed. The following examples are provided to give an idea about information that might require disclosure. If there is any doubt about the importance of information which comes to light, there should be immediate notification to the Chairman so that advice can be given and a formal decision can be made as to whether or not to release the information.

Examples of information that might need to be disclosed include the following:

- a new contract that the Company had entered into or variation to an existing contract;
- any event which could affect the Company's assets, earnings or profitability such as:
 - litigation being commenced by or against the Company (e.g. because of an alleged breach of contract etc.);
 - industrial action being threatened or commenced;
 - significant unbudgeted capital expenditure commitments arising; or
 - proposed changes in the nature of the business of the Company; or
- any other information regarding the Company that may be material to the share price or the value of shares and/or other securities of the Company such as:
 - proposed changes to the Board or senior management; or
 - proposed changes to the capital structure of the Company; or
 - a matter that may significantly damage the Company's image or reputation.

For other examples refer to the checklist in the Schedule to this Policy.

7. THE CONTINUOUS DISCLOSURE OFFICER

The Board of the Company have appointed the Chairman as the Company's Continuous Disclosure Officer. The Managing Director will be the deputy appointed whenever the Continuous Disclosure Officer is absent or on leave. The Continuous Disclosure Officer is primarily responsible for ensuring that the Company complies with its disclosure obligations and is primarily responsible for deciding what information will be disclosed. In consultation with appropriate personnel, a decision will be made by the Continuous Disclosure Officer about whether or not to disclose the information or take any necessary steps to protect its confidentiality.

8. OBLIGATIONS TO NOTIFY THE CHAIRMAN

Where any information comes to light about the Company which may need to be released, the person concerned is obliged to bring that information to the attention of the Chairman (or Managing Director) with all possible expediency.

The procedure for notification is set out in the Schedule. The Schedule also contains a checklist for the Company officers and employees designed to assist in determining whether information may need to be released.

Until a decision as to whether or not to disclose information has been made, the Company officers and employees must treat the information as strictly confidential.

9. DECISION NOT TO DISCLOSE INFORMATION

If a decision is made not to disclose information, the reasons for withholding that information will be documented at the time the decision is made, signed by the Chairman of the Company, dated and retained.

10. CONFIDENTIAL INFORMATION

In determining whether any information that comes to light about the Company needs to be released, it will be necessary to determine whether the conditions permitting non-disclosure which are mentioned in section 3 above apply. In particular, a determination may need to be made as to whether the information is confidential. If a determination is made that the information is confidential, then the Chairman of the Company will ensure that anyone who has a copy of the information is aware that it is confidential.

11. RELATIONSHIP WITH MEDIA AND PUBLIC

The Company must disclose information needed to prevent a false market. Accordingly it may be necessary for the Company to correct a rumour or to respond to speculation, including media speculation, regarding the Company. The ASX may apply Listing Rule 3.1B in this regard.

Relevant information must be provided to ASX under Listing Rule 3.1 and released to the market before it is provided to the media (even on an embargoed basis).

Care must be taken not to make comments to the media or others which could result in rumours or speculation about the Company. Staff must comply with the media relations policy of the Company. That policy limits media contact to the Chairman of the Company. Other officers and executives may only confer with the media in relation to a particular matter concerning the Company if they have obtained the prior express approval of the Chairman or his delegate for the purpose of giving such approval.

12. EMPLOYMENT AND MONITORING OF COMPLIANCE

To promote an understanding of the continuous disclosure obligations imposed the Company by the Act and the Listing Rules, a copy of this guide will be provided to all officers and employees (present or future) of the Company and to all agents of the Company who may from time to time be in the possession of undisclosed information that may be material to the price or value of the Company's securities.

At least once in every 12 month period, the Board will review the Company's compliance with this Policy. From time to time, and if considered necessary, the Board may update this Policy (and distribute an updated copy to all directors, officers, employees and relevant agents of the Company) to reflect changes in the Company's business operations and changes in the Act and the Listing Rules.

The induction procedures for new staff must require that a copy of this Policy be provided to each new employee. It is the responsibility of the Managing Director to ensure that all staff and consultants have received this Policy and understand its requirements.

13. SHARE TRADING BY OFFICERS

Any officer or employee of the Company proposing to trade in the Company's shares must comply with the Company's Trading Policy.

14. AUDIT

The Company's Board will annually audit the Company's adherence to the procedures set out in this Policy.

15. REPORTING AND CORRECTING MISTAKEN NON-DISCLOSURE

Any officer or employee of the Company who becomes aware that relevant information has not been notified and disclosed in accordance with the preceding provisions, should immediately telephone the Chairman (or Managing Director) so that appropriate action can be taken. It is far better to correct mistaken non-disclosure and lodge an announcement late than to continue to ignore the omission and fail to comply with Listing Rule 3.1.

16. ANALYST BRIEFINGS

Announcements will be made prior to any analyst briefings where the analyst briefings by the Company will involve any material information not known to the market. The Managing Director will have responsibility for such announcements.

17. **CONCLUSION**

Compliance with this policy is very important. Failure to comply could lead to civil or criminal liabilities for the Company and its officers and could have a damaging impact on the perception of the Company within the investment community. Any officer, employee or agent of the Company who wilfully or negligently causes a failure to comply by the Company will be considered to have engaged in serious misconduct which may result in the termination of their engagement by the Company.

All officers, employees and agents are encouraged to actively consider the need for disclosure. Do you have information likely to influence a person to buy or sell the Company's securities? If so, notify the Chairman or Managing Director as soon as possible. It is far better to consider and, where appropriate, reject the need for disclosure rather than make what could be a false assumption that information does not need to be disclosed.

SCHEDULE

NOTIFICATION CHECKLIST

You are aware of information concerning the Company which you think might influence someone to buy or sell the Company's securities. Use this checklist to help you determine whether the information may require disclosure under Listing Rule 3.1. Remember, if in doubt, always notify and discuss your concerns with the Chairman of the Company.

1. **Is the Information likely to influence someone in buying or selling the Company's securities?**

Is the information likely to have a material effect on the price or value of the shares of the Company? Would the information be likely to influence people who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the Company's shares?

For example:

- *does the information relate to any change in the value of the Company's investment in the Company?*
- *is the information about a material acquisition or sale by, the Company?*
- *is the information about a significant "milestone" achievement for the Company?*
- *are you about to commit the Company to a strategic alliance, or business relationship, or new initiatives?*
- *has someone threatened to sue the Company?*
- *have you instructed a corporate solicitor to initiate legal action against a Company customer or supplier or any other party?*
- *may the information significantly damage the Company's image or reputation?*

If so the information might be material and you should immediately notify the Chairman.

2. **Are the conditions for non-disclosure satisfied?**

Are **each** of the following 3 conditions satisfied:

Would a reasonable person not expect the information to be disclosed?

AND

Is the information confidential and remains confidential? Are all of the persons who, to your knowledge, are in possession of the information, bound by an obligation of confidentiality? Has there been any media speculation concerning the information?

AND

Does one or more of the following apply:

- it would be a breach of a law to disclose the information;
- the information relates to an incomplete proposal or negotiation;
- the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- the information is generated for the internal management purposes of the Company;
- the information is a trade secret?

Ultimately, it is not for you to determine whether these conditions are satisfied. Having determined that:

- the information has been received in the course of your duties for the Company; and
- the information is likely to influence someone to buy or sell the Company securities,
- you must disclose the information to the Chairman.

NOTIFICATION PROCEDURE

Where information comes to light about the Company that may need to be disclosed, the following procedure must be followed:

- Step 1:** *Telephone or otherwise immediately communicate with the Chairman or Managing Director of the Company and inform the Chairman or Managing Director of all material circumstances concerning the information and endeavour to confirm such matters in writing.*
- Step 2:** *The Chairman or Managing Director in consultation with the Board (where reasonably practicable), will consider the information and whether disclosure is required.*
- Step 3:** *When applicable, the Managing Director prepares an announcement.*
- Step 4:** *The announcement is sent to ASX by the Company Secretary of the Company.*
- Step 5:** *The Company Secretary retains a copy of the announcement in the Announcements Register.*

All steps must be completed promptly.

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

COMMUNICATIONS POLICY

This Policy has been adopted by Australian Mines Limited ("**Company**") to establish and set out the Company's policy for communicating with, and keeping its shareholders informed.

Purpose of the Policy

The Company is committed to dealing fairly, transparently and promptly with its current and prospective shareholders, encouraging and facilitating active participation by shareholders at shareholder meetings and dealing promptly with shareholder enquiries.

The Board recognises that disclosure of information is fundamental to good communication and this Policy is therefore based on the Company's disclosure obligations and policies.

Continuous Disclosure

The Company is subject to the continuous disclosure obligations of the Australian Stock Exchange's Listing Rules ("**Listing Rules**"), and has adopted a comprehensive Continuous Disclosure Policy to ensure that the Company, and its officers and employees, comply with those obligations.

Compliance with the Company's Continuous Disclosure Policy is the primary basis by which the Company shall keep its current and prospective shareholders informed of material matters relating to the Company and its operations. All market announcements made as a result of the Company's continuous disclosure obligations are to be made available on the Company's website.

Any material presented to market analysts or media is in most cases the subject of a prior market announcement pursuant to the Company's continuous disclosure obligations. An announcement would not be made where the material presented does not contain any new material information beyond that already announced by the Company to the market. In many cases, the Company will make available the material on its website, where practical to do so.

Electronic Information

The Company is committed to allowing shareholders access to its communications by its website www.australianmines.com.au. All relevant announcements made to the market and related information (such as information provided to analysts during briefings) will be placed on the website after release to the ASX. The full text of notices of meeting and explanatory statements will appear on the website.

Access to Information

The Company is also subject to the "insider trading" provisions of the *Corporations Act 2001* (Cth) ("**Act**") and has adopted a comprehensive Trading Policy to ensure that the Company

and its officers and employees comply with those provisions, and to ensure that shareholders are given fair access to any information relating to the Company's securities.

Shareholder Meetings

The Company complies with its financial and other reporting obligations under the Act and Listing Rules, in order to make important Company information available to its shareholders. The Company aims to comply with these reporting requirements promptly and transparently.

The Company mails copies of these reports to its shareholders. The Company also emails these reports to any shareholders who have provided an email address to the Company and wish to be sent a copy electronically. The Company's reports are also made available on the company's website as soon as possible.

Company Reporting

The Company aims to hold its shareholders meetings at locations and at times that are convenient to shareholders, but cannot accommodate locations outside of the capital city in which it operates. The Company will inform shareholders of shareholders meetings, and conduct those meetings, in accordance with the requirements of the Act, and endeavours to do so fully and transparently. In most cases, this will involve detailed explanatory statements to accompany statutory information.

Other Information

The Company will from time to time provide other information to shareholders or the media where it considers that that information is of interest to shareholders or the general public, by way of circulars, newsletters or media releases.

Shareholder Enquiries

The Company aims to deal with all shareholder enquiries promptly. It has also taken steps to ensure that its share registry does so in relation to the matters to which it is given authority by the Board to administer.

Shareholder Contact

The Company, through its share registry, endeavours to maintain an accurate and up to date list of shareholder details to ensure that its communication and reporting is effective.

Privacy

The Company endeavours to comply with applicable statutory privacy requirements in all its dealings with details or other information relating to the Company's shareholders.

Review

The Board will review this Policy on an annual basis, or as and when appropriate.

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

RISK OVERSIGHT AND MANAGEMENT POLICY

This Policy has been adopted by Australian Mines Limited ("**Company**") to establish and set out the Company's systems for risk oversight and management and internal control.

Oversight of Risk Management System

The Executive Team and Board has the primary responsibility for identifying the principal risks and opportunities of the Company's business and ensuring that appropriate risk management systems and an internal control framework are established and reviewed. The Board fulfils its responsibility by overseeing the establishment and implementation of these systems and framework, through approval and review of the Company's processes. The Board appointed Audit and Risk Committee is also responsible for establishing, implementing and maintaining the Company's risk management systems and internal control framework. The operational management of risk and the implementation of risk management strategies are delegated to management.

The Board recognises that this delegation of responsibility to management does not reduce its primary responsibility for the oversight, establishment and implementation of risk management. The Board approves all risk management systems and internal control framework established and implemented by management and reviews those systems and that framework, and the effectiveness of their implementation, on an annual basis.

Risk Profile

The Board recognises that material risks facing the Company are the more significant areas of uncertainty or exposure to the Company that could adversely affect the achievement of Company's objectives and successful implementation of its business strategies.

The material risks, both financial and non-financial, facing the Company are as follows:

- exploration, development, mining and processing risks;
- access to adequate capital for project development;
- mining within capital expenditure budgets;
- geological conditions including failure to achieve predicted grades in exploration or mining;
- commodity price risk;
- currency risk;
- protection of the Company's assets;
- compliance with key performance indicators;

- occupational health and safety; and
- environmental management.

The Board updates this list of material risks as part of its annual risk management review upon advice from management including, where appropriate, as a result of regular interaction with management and other relevant staff from across the Company's business.

Risk Management and Compliance and Control

The Company's systems for identifying, assessing, monitoring and managing its material risks, as established by the Board in conjunction with management, are as follows:

- the Board monitors management and operational performance on an ongoing basis;
- a comprehensive system of budgeting and forecasting has been established, with updates being provided by management to the Board on a monthly basis, for consideration at the Board's monthly meeting. Actual results are also reported to the Board on a monthly basis. In addition, all statutory financial reporting requirements are complied with in terms of quarterly, half yearly and annual financial reports and the Board reviews the reports and related accounting procedures on an ongoing basis;
- procedures exist for all significant capital expenditure, including a requirement for Board approval for any budgeted capital expenditure above \$100,000 and any unbudgeted expenditure more than or equal to \$30,000. The Managing Director has limits of \$100,000 for budgeted and \$30,000 for unbudgeted expenditure.;
- the Board conducts a regular review of all existing areas of significant financial risk and the arrangements in place to contain those risk to acceptable levels and of all significant transactions that are not part of the Company's normal business activities;
- presentations made to the Board throughout the year by appropriate members of the management team upon aspects of the operations and the management of risk;
- comprehensive written policies have been implemented in relation to environmental principles, policies for resource development on or near Aboriginal land, occupational health and safety and environmental management and monitoring;
- a continuous disclosure policy has been adopted to ensure that all price sensitive information is disclosed to the market and shareholders or investors on a timely basis;
- a trading policy has been adopted to ensure that all trading in the Company's securities by officers and employees occurs in compliance with statutory requirements; and

- the Company has adopted a Code of Conduct applicable to all officers and employees setting out the expected standards of conduct and compliance.

Day to day responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director having ultimate responsibility to the Board for the risk management and control framework. The management aspects of risk are considered at each Board meeting. The Board or management may consult with the Company's external accountants on external risk matters.

Assessment of Effectiveness

The Company's analysis of its risk management systems and internal control framework and the effectiveness of their implementation is undertaken by the Board on an annual basis. The review is based on the Board's ongoing oversight of the Company's risk management systems and its role in establishing, implementing and maintaining these systems, as well as the involvement of the managing director and chief financial officer. The management of aspects of risk are considered regularly at Board meetings.

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

REMUNERATION COMMITTEE CHARTER
AND REMUNERATION POLICY

Membership of Committee:	<p>To be determined by the Board from time to time.</p> <p>A majority of the members will be non executive directors and the committee will be chaired by the non executive chairman of the Company.</p>
Role and duties:	<p>Review and recommend remuneration packages and incentive policies for executive directors and senior management;</p> <p>Review and recommend remuneration packages for non executive directors within the aggregate limit set by shareholders;</p> <p>Assist in evaluating the performance of the executive directors;</p> <p>Review succession plans for key executive and management positions, together with career development plans for key executives;</p> <p>Assist the executive directors to develop effective and innovative remuneration arrangements;</p> <p>Administer and be responsible for the Company's share option scheme, incentive performance packages, superannuation entitlements and retirement and termination entitlements; and</p> <p>Where necessary, supervise the employment and human resources management policies of the Company.</p>
Reporting:	<p>To the Board.</p>
Current Remuneration Policy and Reviews:	<p><u>Executive Directors and Senior Management</u></p> <p>The essence of the Company's current remuneration policy is to competitively set remuneration including incentives to executive directors and senior management. In order to motivate these key executives to pursue the long term growth and success of the Company within an appropriate control framework and demonstrate a clear relationship between corporate (and key executive) performance and remuneration, the remuneration of key executives will be sought to be structured in the following components:</p> <ol style="list-style-type: none"><u>Fixed Remuneration</u> Reasonable and fair taking into account level of responsibility,

the Company's legal and industrial obligations and scale of the Company's business.

2. Equity Performance Based Remuneration

Appropriate equity based remuneration including options linked to performance hurdles such as corporate performance (measured by matters such as the share price of the Company or other performance or production hurdles) and/or a minimum period of service hurdle.

3. Termination Payments

Except in exceptional circumstances, no termination payments will be agreed with key executives other than a reasonable period of notice of termination detailed in their contract.

Non-Executive Directors

Non-executive directors will normally be remunerated by cash benefits alone, will not be provided with retirement benefits (other than in exceptional circumstances) and their aggregated remuneration will not exceed the amount approved by shareholders (currently \$400,000).

Review

Remuneration packages of all officers and employees are reviewed annually. Key executives are reviewed annually by the Board whilst individual directors are also reviewed annually by other members of the Board.

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

GENERAL CORPORATE CODE OF CONDUCT

This Code of Conduct has been adopted by Australian Mines Limited ("**Company**") to set the standards of compliance and appropriate corporate practices by the Company and its officers and employees with the range of legal and other obligations owed by the Company to its legitimate stakeholders, to guide and facilitate compliance and to demonstrate the Company's commitment to appropriate corporate practices. In adopting this Code, the Company recognises the legitimate interests of its stakeholders and that it owes these obligations to them, whether they are employees, shareholders, clients or customers, competitors and the community as a whole.

Commitment to the Code of Conduct

The Company's Board and management are committed to the Company's compliance with this Code of Conduct, whether that is compliance by the Board, officers and employees, to ensure that the Company acts appropriately wherever it conducts business. The Board is committed to conducting its business in an ethical and accountable manner. The Board in order to ensure full disclosure of material matters and restrictions on trading by officers and employees has also adopted each of a comprehensive Continuous Disclosure Policy and comprehensive Trading Policy.

Monitoring Compliance with the Code of Conduct

All Company employees are made aware of and expected to comply with this Code. The Company's Board and management will monitor its implementation on an ongoing basis and the Board will review this Code annually. Any breach of this Code is to be reported by employees of the Company to their superior or supervisor, and by the Company's management and directors directly to the Board or its Chairman.

Corporate Code of Conduct

All officers and employees of the Company will, in all aspects of the Company's operations:

- act honestly, in good faith and in the best interests of the Company as a whole.
- seek to understand and comply with all applicable laws.
- endeavour to avoid all forms of conflict of interest or divided loyalties.
- be professional, responsible and accountable (in this regard the Company has comprehensive written policies covering environmental principles, resource development on or near Aboriginal land, health safety and the environment and environmental management and monitoring).
- protect the Company's assets and ensure their efficient use.

- maintain confidentiality of non-public information except where disclosure is authorised or legally mandated.
- deal responsibly with the community and specifically in all dealings with traditional landowners.

All directors will also comply with the Australian Institute of Company Directors' ("**AICD**") Code of Conduct that has previously been adopted by the Board in 2002. The AICD Code of Conduct forms the basis of a separate Code to set standards of ethical behaviour for directors and key executives.