

COMET RIDGE LIMITED
CORPORATE CODE OF CONDUCT

1. Introduction

This code of conduct sets out the standard which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, shareholders, clients, consumers, customers and the broader community.

2. Commitment of the Board and management to Corporate Code of Conduct

The Board and management approve and endorse this code of conduct and support the code and all it strives to achieve.

The Board and management encourage all staff to consider the principles of the code and use them as a guide to determining how to respond when acting on behalf of the Company.

3. Responsibilities to shareholders and the financial community generally

The Company aims:-

- (a) to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community; *and*
- (b) comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

4. Responsibilities to clients, customers and consumers

The Company is to comply with all legislative and common law requirements which affect its business, in particular those in respect of occupational health and safety, the environment, native title and cultural heritage. Any transgression from the applicable legal rules is to be reported to the Managing Director as soon as a person becomes aware of such a transgression.

5. Employment practices

The Company will employ the best available staff with skills required to carry out vacant positions.

The Company will ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

6. Responsibility to the community

The Company will recognise, consider and respect environmental issues which arise in relation to the Company's activities and comply with all applicable legal requirements.

7. Responsibility to the individual

The Company recognises and respects the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information.

8. Obligations relative to fair trading and dealing

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

9. Conflicts of interest

The Board, management and employees must not involve themselves in situations where there is a real or apparent conflict interest between them as individuals and the interest of the Company. Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairman in the case of a Board member or the Managing Director, the Managing Director in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

10. Compliance with the code

Any breach of compliance with this code is to be reported directly to the Managing Director or Chairman, as appropriate.

11. Periodic review of code

The Company will monitor compliance with the code periodically by liaising with the Board, management and staff especially in relation to any areas of difficulty which arise from the code and any other ideas or suggestions for improvement of the code. Suggestions for improvements or amendments to the code can be made at any time by providing a written note to the Managing Director.

12. Incorporation of Code of Conduct for Executives

The Code of Conduct for Executives forms part of this Corporate Code of Conduct. It provides as follows:-

All Executives will:

1. Actively promote the highest standards of ethics and integrity in carrying out their duties for the company;
2. Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company;
3. Respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;
4. Deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates;
5. Protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company;
6. Report any breach of this code of conduct to the Chairman, who will treat reports made in good faith of such violations with respect and in confidence; *and*
7. This code of conduct is in addition to the Corporate Code of Conduct which has been adopted by the Board of the Company.

TEN ESSENTIAL CORPORATE GOVERNANCE PRINCIPLES AND BEST PRACTICE RECOMMENDATIONS.

Principle 1: Lay solid foundations for management and oversight

Recognise and publish the respective roles and responsibilities of board and management

Recommendation 1.1: **A** **Formalise and disclose the functions reserved to the board and those delegated to management**

B **Formalise Directors appointments, in writing**

Principle 2: Structure the board to add value

Have a board of effective composition, size and commitment to adequately discharge its responsibilities and duties

Recommendation 2.1: **A majority of the board should be independent directors.**

Recommendation 2.2: **The chairperson should be an independent director.**

Recommendation 2.3: **The roles of the chairperson and Managing Director should not be exercised by the same individual.**

Recommendation 2.4: **The Board should establish a nomination committee.**

Recommendation 2.5: **Provide the information indicated in Guide to Reporting on Principle 2.**

Principle 3: Promote ethical and responsible decision making

Actively promote ethical and responsible decision making

Recommendation 3.1: **Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:-**

3.1.1 **the practices necessary to maintain confidence in the company's integrity**

3.1.2 **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

Recommendation 3.2: **Disclose the policy concerning trading in company securities by Directors, officers and employees.**

Recommendation 3.3: **Provide the information indicated in *Guide to reporting on Principle 3*.**

Principle 4: Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the Company's financial reporting

Recommendation 4.1: **Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the**

- company's financial condition and operational results and are in accordance with relevant accounting standards.
- Recommendation 4.2: The board should establish an audit committee.
- Recommendation 4.3: Structure the audit committee so that it consists of:-
- only non-executive directors
 - a majority of independent directors
 - an independent chairperson, who is not chairperson to the board
 - at least three members.
- Recommendation 4.4: The audit committee should have a formal charter.
- Recommendation 4.5: Provide the information indicated in *Guide to reporting on Principal 4*.

Principle 5: Make timely and balanced disclosure

Promote timely and balanced disclosure of all material matters concerning the Company

- Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.
- Recommendation 5.2: Provide the information indicated in *Guide to reporting on Principle 5*.

Principle 6: Respect the rights of shareholders

Respect the rights of shareholders and facilitate the effective exercise of those rights

- Recommendation 6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.
- Recommendation 6.2: Request the external auditor 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 auditor's report.

Principle 7: Recognise and Manage risk

Establish a sound system of risk oversight and management and internal control

- Recommendation 7.1: The board or appropriate board committee should establish policies on risk oversight and management.
- Recommendation 7.2: The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:-
- 7.2.1 The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;

- 7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- Recommendation 7.3: Provide the information indicated in *Guide to reporting on Principle 7*.

Principle 8: Encourage enhanced performance

Fairly review and actively encourage enhanced board and management effectiveness

- Recommendation 8.1: Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

Principle 9: Remunerate fairly and responsibly

Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined

- Recommendation 9.1: Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.
- Recommendation 9.2: The board should establish a remuneration committee.
- Recommendation 9.3: Clearly distinguish the structure of non-executive directors' remuneration from that of executives.
- Recommendation 9.4: Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.
- Recommendation 9.5: Provide the information indicated in *Guide to reporting on Principle 9*.

Principle 10: Recognise the legitimate interests of stakeholders

Recognise legal and other obligations to all legitimate stakeholders

- Recommendation 10.1: Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.