



Conflicts of interest policy

Variscan Mines Limited
ACN 16 003 254 395

Contents

1.	Introduction	1
2.	Application	1
3.	Objectives	1
4.	Obligation to avoid conflicts of interest	2
5.	Disclosure of conflicts of interest	3
6.	Specific disclosure of interests by directors	3
7.	Managing conflicts of interest	3
8.	Escalation of a suspected conflict of interest	4
9.	Related party transactions	4
10.	Related party transactions to be referred to shareholders for approval	5
11.	Exceptions which do not require shareholder approval	6
12.	Giving notice of a suspected related party transaction	6
13.	Determining if a transaction is a related party transaction	6
14.	Consequences for breach of the policy	7

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(Company)

Conflicts of interest policy

1. Introduction

- 1.1 This policy imposes obligations and procedures on all directors, employees and consultants of the Company to avoid and manage **conflicts of interest**. This policy also imposes obligations and procedures on all such persons with respect to the recognition and reporting of **related party** transactions. Under the *Corporations Act 2001*, public companies and their controlled entities must not undertake a transaction with a 'related party' unless it falls into one of the exemptions specified in the Act or it is approved by shareholders.
- 1.2 This document is part of the fundamental set of behaviours and principles that underpins all of Variscan's activities. The Company is committed to ensuring that everything we do operates within this framework.
- 1.3 The Variscan framework includes each of the following -
- (1) our code of conduct;
 - (2) our policies;
 - (3) our structures and systems; and
 - (4) our work practices.

2. Application

- 2.1 This policy applies to all directors, employees and consultants of the Company and any of its subsidiaries (such as Variscan Mines SAS). For the purposes of this policy, all such persons will be referred to as "**Employees**".

3. Objectives

- 3.1 The objectives of this policy are to:
- (1) protect the integrity of the decision-making processes within the Company by avoiding ethical, legal, financial or other conflicts of interest;
 - (2) establish internal procedures so that all Employees understand their obligation to avoid actual, potential or perceived conflicts of interest;
 - (3) provide guidance to Employees for dealing with any conflicts of interest in an open and transparent way;
 - (4) provide guidance to Employees for recognising and reporting on related party transactions;

- (5) establish internal procedures to ensure that related party transactions are referred to the Company's shareholders, where required;
- (6) give all shareholders confidence in the Company's decision-making processes; and
- (7) protect the reputation of the Company and the Employees.

4. Obligation to avoid conflicts of interest

- 4.1 Employees must avoid conflicts between the interests of the Company on the one hand, and their own personal, professional or financial interests on the other hand.
- 4.2 In this policy, the term "**interest**" means either:
 - (1) material (or monetary) interests, where financial advantage, disadvantage or other benefits accrue; or
 - (2) non-material (or non-monetary) interests such as personal, family, social, academic, sporting or cultural affiliations that may be advantaged or otherwise by a decision or action.
- 4.3 In an effort to avoid conflicts of interest, all Employees must comply with all of the following obligations:
 - (1) Employees must exercise their powers and discharge their duties to the Company (**Duties**):
 - (a) with care and diligence;
 - (b) in good faith;
 - (c) in the best interests of the Company;
 - (d) for a proper purpose, and
 - (e) with transparency by disclosing, and not voting on, deciding or otherwise influencing matters involving material personal interests;
 - (2) Employees must not improperly use their position or information obtained from their position to gain an advantage (or avoid disadvantage) for themselves or another person or an associated entity;
 - (3) Employees must ensure that appropriate disclosure of conflicts of interest occurs so that, where required, the Company's shareholders may consider the impact of any conflicts of interest before making investment decisions;
 - (4) Employees must ensure that when discharging their Duties, they do not cause the Company to breach any laws prohibiting misleading and deceptive conduct, or the benefiting from secret commissions;
 - (5) Employees must ensure that when discharging their Duties, they do not cause the Company to breach its contractual responsibilities to avoid conflicts of interest; and
 - (6) Employees must ensure that when discharging their Duties, they do not cause the Company to breach its Constitution.

5. Disclosure of conflicts of interest

- 5.1 An Employee who has an interest in a matter that is being considered, or is about to be considered, must disclose to the Managing Director the nature of the interest as soon as possible after the relevant facts are known.
- 5.2 In disclosing the potential conflict of interest, the Employee should provide the following information:
- (1) details of the nature and extent of the interest held by the Employee;
 - (2) the proposed method of dealing with the conflict;
 - (3) whether it is possible to avoid the conflict; and
 - (4) whether the matter under consideration is an arm's length transaction.

6. Specific disclosure of interests by directors

- 6.1 A director must give the other directors immediate notice (which, if applicable, may be a notice) if they have an interest in a matter that relates to the affairs of the Company.
- 6.2 The director must disclose details of the nature and the extent of the interest and the relationship of the interest to the affairs of the Company. The details of any such disclosure will be recorded in the minutes of the Directors' meetings.

7. Managing conflicts of interest

- 7.1 If a conflict of interest cannot be avoided, the Employee must manage the conflict of interest in accordance with the guidelines set out below:
- (1) Employees who have a conflict of interest will restrict their involvement, or have it restricted, in a particular activity or process, including:
 - (a) abstaining from voting on, making or influencing decisions or proposals or planned activities;
 - (b) withdrawing from discussion of affected proposals or planned activities;
 - (c) having their access restricted to information relating to the conflict of interest; and
 - (d) having their access denied to sensitive documents or confidential information relating to the conflict of interest.
 - (2) Where an Employee abstains from voting or leaves the room to avoid being placed in a conflict of interest situation, the abstention or absence of that person from the proceedings of a meeting shall be recorded in the minutes of the meeting.
 - (3) In cases of ongoing serious conflicts of interest, it may be in the interests of all parties for the Employee to be removed from involvement in the area of activity as long as the conflict persists.
 - (4) In certain circumstances, resignation from a position held with the Company may be necessary.

8. Escalation of a suspected conflict of interest

- 8.1 If any person has reason to believe that the conduct of an Employee is, may be or may be perceived to be, in conflict with the interests of the Company, that person must notify the Managing Director.
- 8.2 The conflict of interest must be referred to the Audit Committee (**Audit Committee**) of the Company, who will report it and make a recommendation to the Board. The Managing Director will document the decision of the Board, and the procedure to control the conflict, if applicable.
- 8.3 The Audit Committee will consider the information to determine whether and how to proceed with the proposed transaction. The Audit Committee may talk with the Managing Director, and may take external legal advice in determining its recommendation to the Board.
- 8.4 Where it is decided that the conflict has such a serious impact on the Company, that it cannot be adequately managed by acting at arm's length or seeking shareholder approval, the Audit Committee may recommend to the Board that the transaction not proceed in the manner proposed.
- 8.5 Where the Audit Committee recommends that the transaction may proceed, and provided it has been approved by the Board, it may then be carried out in accordance with usual operational procedures.

9. Related party transactions

- 9.1 A Related Party Transaction is a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price or not is charged. Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

A party is related to the Company ("Related Party") if:

- (1) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the Company that gives it significant influence over the Company; or
 - has joint control of the Company;
- (2) the party is an associate of the Company, where an associate is an enterprise in which the Company has significant influence but not control or joint control;
- (3) the party is a joint venture and the Company has joint control of the joint venture;
- (4) the party is a member of the key management personnel of the entity or its parent;
- (5) the party is a close member of the family of any individual referred to in (1) or (4), where a close member of the family includes, but is not limited to, the individual's spouse and children, the children of the individual's spouse and dependants of the individual or the individual's spouse;

- (6) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (4) or (5); or
- (7) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a Related Party of the Company.

10. Related party transactions to be referred to shareholders for approval

- 10.1 A financial benefit can only be given to a related party when shareholder approval has been granted and the financial benefit is given within 15 months after such approval.
- 10.2 In this policy the term “**financial benefit**” is broadly interpreted and includes:
 - (1) indirectly giving a financial benefit;
 - (2) giving a financial benefit by making an informal, oral or non-binding agreement; and
 - (3) giving a financial benefit that does not involve paying money.
- 10.3 The following are examples of giving a financial benefit:
 - (1) giving or providing a related party finance or property;
 - (2) buying an asset from or selling an asset to a related party;
 - (3) leasing an asset from or to a related party;
 - (4) supplying services to or receiving services from a related party;
 - (5) issuing securities or granting an option to a related party; and
 - (6) taking up or releasing an obligation of a related party.
- 10.4 The Company cannot acquire a substantial asset from or dispose of a substantial asset to the following persons without obtaining the approval of shareholders or a waiver granted by the ASX:
 - (1) a related party;
 - (2) a subsidiary;
 - (3) a substantial shareholder, if the person and their associates have a relevant interest, or had a relevant interest in the preceding 6 months, in at least 10% of the total votes attached to the Company’s shares;
 - (4) an associate of a person referred to in (1) – (3) above; and
 - (5) a person whose relationship to the Company or a person referred to in (1) – (4) above is such that, in the opinion of the ASX, the transaction should be approved by the Company’s shareholders.

11. Exceptions which do not require shareholder approval

11.1 Under the Corporations Act 2001 (**Act**), the Company is not required to obtain shareholder approval to a related party transaction when:

- (1) the terms would be reasonable in the circumstances if the Company and the related party were dealing at arm's length, or the terms are less favourable to the related party than if the Company and the related entity were dealing at arm's length;
- (2) the financial benefit is remuneration, payment of expenses or reimbursement of expenses for Employees and to give the benefit would be reasonable in the circumstances;
- (3) the financial benefit is an indemnity, exemption, insurance policy or legal cost relating to an officer of the Company;
- (4) the financial benefit is a payment to a related party which does not exceed \$5,000 or any amount as prescribed by the regulations under the Act;
- (5) the benefit is given to or for a closely held subsidiary of the Company;
- (6) the benefit is given to a shareholder of the Company, and in doing so, does not discriminate against other shareholders; or
- (7) the giving of the financial benefit is by an order of the court.

11.2 Under the ASX Listing Rules, the requirement to obtain shareholder approval to acquire a substantial asset from, or dispose of a substantial asset to, a related party, subsidiary or substantial shareholder does not apply to any of the following:

- (1) a transaction between the Company and a wholly-owned subsidiary of the Company;
- (2) a transaction between wholly-owned subsidiaries of the Company;
- (3) an issue of securities by the Company for cash; and
- (4) a transaction between the Company and a person who is a related party only because the person believes, or has reasonable grounds to believe, that the person is likely to become a related party.

12. Giving notice of a suspected related party transaction

12.1 If any Employee believes that a transaction may constitute a related party transaction, the Employee must notify the Managing Director.

13. Determining if a transaction is a related party transaction

13.1 The proposed related party transaction will be referred to the Audit Committee, who will make a recommendation to the Board of the Company.

14. Consequences for breach of the policy

- 14.1 An instance when an Employee fails to disclose potential or actual conflicts of interest may lead to an allegation of misconduct. Some breaches may result in additional legal proceedings being taken by the Company.
- 14.2 A failure to obtain shareholder approval for a related party transaction when such transaction does not fall within the exceptions is an offence. Directors and officers of the Company involved in the failure to obtain shareholder approval may have committed an offence under the Act if their involvement was dishonest.