

CONFLICT OF INTEREST PROTOCOLS

1. BACKGROUND

- 1.1. The purpose of these protocols is to set out the structures and procedures which have been put in place by the Board of Kingsrose Mining Limited (**Company**) to ensure that the consideration of matters by the Board is undertaken free from any actual influence or appearance of influence from persons with conflicts of interest, and that the disclosure of the Company's confidential information is to be subject to appropriate corporate governance controls.
- 1.2. Nothing in these protocols is intended to limit in any way the duties owed to the Company by the directors of the Company (**Directors**).

2. DETERMINATION OF THE PRESENCE OF A CONFLICT

- 2.1. Should a Director believe they are in a conflict situation or believe there is the potential for a conflict situation to arise, they must immediately disclose the conflict to the Lead Independent Director prior to taking any action in a position of conflict.
- 2.2. The Lead Independent Director will make a determination if a conflict situation has arisen by considering the potential conflict in the context of the Company's operations and strategic direction. An outline of potential conflict situations applicable to the Company is set out in the Annexure to these protocols. The Lead Independent Director may consult with the Chair of the Board when making the determination.
- 2.3. Should the Lead Independent Director believe they are in a conflict situation or believe that there is the potential for a conflict situation to arise, they must immediately disclose the conflict to the Chair prior to taking any action in a position of conflict.
- 2.4. Once a determination has been made, the procedures outlined in section 4 of this policy will be followed.

3. DISCLOSURE OF INFORMATION

- 3.1. Directors must at all times comply with their duties and obligations as directors of the Company under statute, common law and the Company's constitution to disclose certain interests to the Board and avoid conflicts of interest. The duties of the Directors also include a duty of confidentiality owed to the Company. An outline of certain duties and obligations is set out in the Annexure to these protocols.
- 3.2. Before any information is circulated by the Company's management to the Board, it must first be provided to the Company Secretary who, in conjunction with the Lead Independent Director will determine whether the disclosure of that information to any of the Directors may give rise to a conflict of interest or potential conflict of interest (a conflict) in relation to one or more of the Directors. Information which must first be provided to the Company Secretary includes any agendas or papers for Board meetings and any documents generated internally or by the Company's advisors. The Chair may, as appropriate, make certain senior executives and management of the Company aware of this requirement.

- 3.3. In making that determination in respect of a particular Director, the Company Secretary may consult with the Chair of the Board or, in the event that disclosure of the information to the Chair may give rise to a conflict, the Lead Independent Director of the Board.
- 3.4. If the Chair or the Lead Independent Director (as applicable) considers it appropriate they may establish a committee comprising of those Directors who do not have a conflict for the purposes of making the determination.
- 3.5. Further, the Chair or Lead Independent Director (as applicable), or any committee established by the Chair or Lead Independent Director, may, for the purposes of making the determination.
 - 3.5.1. Request further information from the relevant Director.
 - 3.5.2. Seek advice from the Company's legal or other advisors.
- 3.6. If a determination is made that the disclosure of information to a Director would give rise to a conflict, the information must not be disclosed to that Director.

4. PROCEDURES

- 4.1. Before notice of any matter to be considered by the Board is circulated to Directors, the procedure set out in paragraphs 3.2 to 3.5 must be adopted for the purpose of determining whether the involvement of any of the Directors in the Board's consideration of that matter would give rise to a conflict.
- 4.2. If the Board is required to consider a matter (**Relevant Matter**) and it has been determined that the involvement of a Director (**Conflicted Director**) in the Board's consideration of the Relevant Matter would give rise to a conflict, the Conflicted Director must not receive any information about the Relevant Matter in accordance with paragraph 3.6 and is not entitled to participate in any discussions regarding, nor take part in any decision-making process in relation to, the Relevant Matter.
- 4.3. If the Relevant Matter is to be considered at a Board meeting, the Conflicted Director may:
 - 4.3.1. Only receive modified versions of the agenda and other papers circulated to Directors in respect of that meeting which exclude all information relating to the Relevant Matter.
 - 4.3.2. Attend the meeting provided that the Conflicted Director excuses himself or herself from the meeting during any discussion of the Relevant Matter and takes no part in any decision-making process in relation to the Relevant Matter.
- 4.4. The Company Secretary will prepare minutes of all meetings of the Board and circulate those minutes to the members of the Board. However, if the Relevant Matter was considered at a meeting, the Conflicted Director will only be provided with a modified version of the minutes of that meeting which excludes those minutes relating to the Board's consideration of the Relevant Matter.
- 4.5. The remaining Directors must not disclose to the Conflicted Director any information relating to the Relevant Matter including the content of any relevant discussions at Board meetings and any other relevant discussions, negotiations or agreements.
- 4.6. The Company Secretary will be responsible for establishing and implementing appropriate measures to ensure that the Conflicted Director does not have access to email or any other

folders where any documents or other information relating to the Relevant Matter are stored or to any relevant hard copy documents. If requested by the Chair, the Company Secretary will report to the Board on the methodology employed to achieve this result.

- 4.7. If the Conflicted Director acquires any information about the Relevant Matter in his or her capacity as a director of the Company which is not publicly available, the Conflicted Director must keep that information confidential in accordance with the duties owed by the Conflicted Director to the Company.
- 4.8. The Conflicted Director must not participate on behalf of the Company in any discussions or negotiations in relation to the Relevant Matter.

5. AMENDMENT OF PROTOCOLS

These protocols may be amended in any way from time to time by resolution of the Board.

ANNEXURE

1. STATUTORY DUTY TO DISCLOSE MATERIAL PERSONAL INTEREST

Subject to certain exceptions, a director of a company who has a material personal interest in a matter that relates to the affairs of the company must give the other directors notice of the interest (refer to section 191 of the Australian Corporations Act).

2. RESTRICTIONS ON ATTENDANCE AND VOTING

Unless the other directors approve, a director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting must not be present while the matter is being considered at the meeting or vote on the matter (refer to section 195 of the Australian Corporations Act).

3. STANDING NOTICE

A director who has an interest in a matter may give the other directors standing notice of the nature and extent of the interest in the matter (refer to section 192 of the Australian Corporations Act). The standing notice may be given at any time and whether or not the matter relates to the affairs of the company at the time the notice is given. The standing notice may be given before the interest becomes a material personal interest. Each director is responsible for promptly updating the information contained in a standing notice it provides to the company.

4. DUTY OF DIRECTORS

- 4.1. The duty to avoid conflicts of interests is derived from both general law and statutory provisions found in the Corporations Act 2001 (the Act), which requires directors to avoid conflicts of interest. Under the Act, directors must:
 - 4.1.1. Exercise their powers and discharge their duties with a reasonable degree of care and diligence (section 180).
 - 4.1.2. Act in good faith in the best interests of the company or for a proper purpose (section 181).
 - 4.1.3. Not use their position to obtain an advantage for either themselves or a third party, or to cause detriment to the company (section 182).
 - 4.1.4. Not improperly use information gained through their position as a director to obtain an advantage for either themselves or a third party, or to cause detriment to the company (section 183).

5. FIDUCIARY DUTY OF DIRECTORS

- 5.1. The Common law imposes fiduciary duties on directors which prevent directors using their position to obtain personal advantage. These fiduciary duties overlap with the statutory duties imposed on directors under the Corporations Act. The courts have classified these fiduciary duties under four headings:
 - 5.1.1. To act in a bona fide manner in the best interests of the company.
 - 5.1.2. To exercise powers for a proper purpose.

- 5.1.3. To retain discretion.
- 5.1.4. To avoid conflicts of interest.

6. GENERAL LAW – CONFLICTS OF INTEREST

- 6.1. At general law, directors have a fiduciary duty to avoid conflicts of interest where there is an actual or potential conflict of interest between their personal interests and the duty they owe to the Company. It is an established principle that directors of a company must not, in any matter falling within the scope of their service, have a personal interest or inconsistent engagement with a third party, except with the company's fully informed consent (often referred to as the Conflict Rule).

Amongst many of the general principles that have been developed by the Courts in respect of the Conflict Rule, in certain circumstances, mere disclosure of a conflict between interest and duty and abstaining from voting on the matter is insufficient to satisfy a director's fiduciary obligations. Disclosure is generally the minimum requirement, however, in certain circumstances, a positive duty to protect the interests of the company by, for instance, taking steps to prevent a transaction from going ahead, may lie with the directors.

7. COMMON FORM OF CONFLICT – USE OF INFORMATION BY NOMINEE DIRECTORS

- 7.1. A common situation in which a conflict may arise is where a nominee director acquires information as a result of the nominee's position as a director that the nominee knows will be of interest to the nominating company. The conflict in this situation includes:
 - 7.1.1. A duty of confidentiality owed to the company of which it is a director.
 - 7.1.2. A commercial desire to communicate knowledge acquired to the nominating company as a result of his or her position as a nominee.
- 7.2. As a basic principle, the duty of confidentiality owed to the company in paragraph (a) above is greater than any duty owed to the nominating company.
- 7.3. Consequently, as a general rule, if a director acquires any information in his or her capacity as director of a company (which is not otherwise publicly available), the director cannot communicate that information to the nominating company. To do so would potentially breach a number of directors' duties, including the common law duties to act honestly and to avoid conflicts of interest, and the statutory duties to act in good faith, not to misuse position, and not to misuse information (refer to sections 181 to 184 of the Australian Corporations Act).

8. COMMON FORM OF CONFLICT – MULTIPLE DIRECTORSHIPS

- 8.1. A common situation in which a conflict may arise is through a director holding multiple directorships, including directorships of companies whose interests may compete with the Company's from time to time.
- 8.2. In this situation, it is expected that the Director who finds themselves in this position take the utmost care to avoid any breach of their fiduciary duties.
- 8.3. The Director is encouraged to consult with the Lead Independent Director and Company Secretary to ensure the conflict is promptly disclosed and the necessary procedures outlined in section **Error! Reference source not found.** of these protocols are followed.

9. NOMINEE DIRECTORS

- 9.1. From time to time there may be Directors on the Board who are nominated representatives of shareholders of the Company. If the Board is required to consider a matter which involves, or affects the interests of, a shareholder, any involvement in the Board's consideration of that matter by a Director who is the nominated representative of that shareholder may give rise to a conflict for that Director (for instance, as contemplated in 7 of this Annexure).
- 9.2. In those circumstances, the procedure set out in paragraphs 3.2 to **Error! Reference source not found.** of the protocols must be adopted for the purposes of making a determination as to whether the Director's involvement in the Board's consideration of the matter would give rise to a conflict.
- 9.3. If it is determined that the Director's involvement in the Board's consideration of the matter would give rise to a conflict, that Director must not:
 - 9.3.1. Be provided with any information relating to that matter.
 - 9.3.2. Participate in any discussions regarding that matter.
 - 9.3.3. Take part in any decision-making process in relation to that matter.
- 9.4. In addition, if that Director acquires any information about the matter, he or she must not, without the consent of the Board, disclose any of that information to the shareholder he or she represents nor attend any discussions or negotiations in relation to the matter between the Company on the one hand and that shareholder.

10. CONSEQUENCES

- 10.1. Directors found guilty of breaching their duties and failing to comply with their obligations may potentially be subject to harsh penalties including (but not limited to):
 - 10.1.1. Jail time.
 - 10.1.2. Financial penalties.
 - 10.1.3. Disqualification from managing a company.
 - 10.1.4. Personal liability to pay off a company's debts.