

WEBSITE DISCLOSURE

Company's Website Disclosure on Corporate Governance

Introduction

Energy and Minerals Australia Limited ("**Company**") has adopted a Corporate Governance Manual which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("**Principles & Recommendations**").

The Company is pleased to make the following information on its corporate governance practices available on this website.

Charters

Board

Audit Committee

Nomination Committee

Remuneration Committee

Policies and Procedures

Policy and Procedure for Selection and (Re)Appointment of Directors

Process for Performance Evaluation

Policy on Assessing the Independence of Directors

Policy for Trading in Company Securities (summary)

Code of Conduct (summary)

Policy on ASX Listing Rule Compliance (summary)

Compliance Procedures (summary)

Procedure for the Selection, Appointment and Rotation of External Auditor

Shareholder Communication Policy

Risk Management Policy (summary)

BOARD CHARTER

ENERGY AND MINERALS AUSTRALIA LIMITED ("COMPANY")

1. Role of the Board

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

2. Role of Senior Management

Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be part of senior management.

The role of senior management is to progress the strategic direction provided by the Board. In particular, the chief executive officer, or equivalent, is responsible for the day-to-day activities of the Company in advancing the strategic direction.

3. Responsibilities of the Board

The Board is collectively responsible for promoting the success of the Company by:

- (a) overseeing the Company, including its control and accountability systems;
- (b) appointing the Managing Director / Chief Executive Officer, or equivalent, for a period and on terms as the directors see fit and, where appropriate, removing the chief executive officer, or equivalent;
- (c) in conjunction with the Managing Director / Chief Executive Officer, or equivalent, the appointment of the Company Secretary;
- (d) the Managing Director advising the Board in advance of the appointment and, where appropriate, the removal of senior executives, including the chief financial officer and the company secretary;
- (e) ensuring the Company's *Policy and Procedure for Selection and (Re)Appointment of Directors* is reviewed in accordance with the Company's *Nomination Committee Charter*;
- (f) approving the Company's policies on risk oversight and management, internal compliance and control, *Code of Conduct*, and legal compliance;

- (g) satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;
- (h) assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- (i) monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- (j) ensuring appropriate resources are available to senior management;
- (k) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (l) monitoring the financial performance of the Company;
- (m) ensuring the integrity of the Company's financial (with the assistance of the Audit Committee) and other reporting through approval and monitoring;
- (n) providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Board structure of the Company to ensure division of functions remain appropriate to the needs of the Company;
- (o) appointing the external auditor (based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- (p) engaging with the Company's external auditors and Audit Committee ;
- (q) monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety; and
- (r) make regular assessment of whether each non-executive director is independent in accordance with the Company's *Policy on Assessing the Independence of Directors*.

The Board may not delegate its overall responsibility for the matters listed above. However, it may delegate to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility provided those matters do not exceed the Materiality Threshold as defined below.

Directors are encouraged to request information from senior executives where they consider such information necessary to make informed decisions.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. It is usual practice for the Board to meet once a month.

4. Materiality Threshold

The Board has agreed on the following guidelines for assessing the materiality of matters:

Materiality – Quantitative

Balance sheet items

Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.

Materiality – Qualitative

Items are also material if:

- (a) they impact on the reputation of the Company;
- (b) they involve a breach of legislation or may potentially breach legislation;
- (c) they are outside the ordinary course of business;
- (d) they could affect the Company's rights to its assets;
- (e) if accumulated they would trigger the quantitative tests;
- (f) they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or
- (g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Material Contracts

Contracts will be considered material if:

- (a) they are outside the ordinary course of business;
- (b) they contain exceptionally onerous provisions;
- (c) they impact on income or distribution in excess of the quantitative tests;

- (d) any default, should it occur may trigger any of the quantitative or qualitative tests;
- (e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- (f) they contain or trigger change of control provisions;
- (g) they are between or for the benefit of related parties; or
- (h) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("**Materiality Threshold**").

5. Statement of Position or Authority

The division of responsibilities between the Chair, the lead independent director, if any, and the Managing Director / Chief Executive Officer is set out below.

6. Responsibilities of the Chair

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings.

The Chair is also responsible for shareholder communication (subject to the role of the Responsible Officer as set out in the Compliance Procedures) and arranging Board performance evaluation.

The Chair should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between board and senior management.

Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

7. Responsibilities of the Lead Independent Director

Where the Chair is not an independent director, a lead independent director will be appointed. The lead independent director will take over the role of the Chair when the Chair is unable to act in that capacity as a result of their lack of independence.

8. Responsibilities of the Managing Director / Chief Executive Officer

The Managing Director / Chief Executive Officer is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their

responsibilities the Managing Director / Chief Executive Officer must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is likely to have to fall within the Materiality Threshold.

All operational reports should be a complete and accurate depiction of the Company's activities. All financial reports should conform with the Company's accounting records.

The Managing Director / Chief Executive Officer is also responsible for appointing and, where appropriate, removing senior executives. The Managing Director / Chief Executive Officer is responsible for evaluating the performance of senior executives.

9. Responsibilities of Non-Executive and/or Independent Directors

The Board determines whether each of the non-executive directors of the Company is independent on a regular basis in accordance with its *Policy on Assessing the Independence of Directors*. The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the skills and experience required, in the context of the Company's operations and activities.

The independent directors may meet without other directors present, if appropriate.

The non-executive directors may meet without senior management present at times scheduled from time to time. Such meetings may be facilitated by the Chair or the lead independent director, as appropriate.

10. Directors and Officers

Individual directors should devote the necessary time to the tasks entrusted to them. All directors should consider the number and nature of their directorships and calls on their time from other commitments.

Directors and officers of the Company should be aware of their legal obligations, some of which are set out in the *Overview of Duties Imposed on Directors of Public Companies*.

11. Responsibilities of Senior Management

Senior Management is responsible for supporting the Managing Director / Chief Executive Officer and to assist the Managing Director / Chief Executive Officer implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior Management is responsible for reporting all matters which fall within the Materiality Threshold to the Managing Director / Chief Executive Officer or, if the matter concerns the Managing Director / Chief Executive Officer, then directly to the Chair.

AUDIT COMMITTEE CHARTER

ENERGY AND MINERALS AUSTRALIA LIMITED ("COMPANY")

1. Composition of the Audit Committee

The Committee is to include at least two members, all of whom are non-executive directors and a majority of which are independent. The Chair of the Committee is to be independent and not the Chair of the Board.

At least one member is to have relevant qualifications and experience.

From time to time, non Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

2. Role of the Audit Committee

The role of the Audit Committee is to:

- (a) monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments;
- (b) review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- (c) monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- (d) monitor and review compliance with the Company's *Code of Conduct*, and
- (e) perform such other functions as assigned by law, the Company's Constitution, or the Board.

3. Operations

The Committee meets at least half yearly, with further meetings on an as required basis.

Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken or recommended to be given at each subsequent meeting of the full Board. Committee meetings will be governed by the same

rules, as set out in the Company's Constitution as they apply to the meetings of the Board.

4. Authority and Resources

The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

The Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.

The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities. The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

5. Reporting to the Board and Shareholders

The Committee is to report to the Board at least half yearly on the following matters:

- assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- assessment of the management processes supporting external reporting;
- recommendations for amending the Company's *Procedures for the Selection and Appointment of the External Auditor* and procedures for the rotation of external audit engagement partners;
- recommendations for the appointment or, if necessary, the removal of the external auditor;
- assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report should state whether the Audit Committee is satisfied that provision of those services has not compromised the auditor's independence; and
- the results of the Committee's review of risk management and internal control systems.

The Chair of the Audit Committee, if appointed, is to be present at the annual general meeting to answer questions, through the Chair of the Board.

6. Responsibilities

Annual responsibilities of the Committee are as set out in the Audit Committee Charter – Annual Action Points (attached).

AUDIT COMMITTEE CHARTER – ANNUAL ACTION POINTS

Financial Reporting and Internal Controls

- Review half-year, annual and, if applicable, quarterly financial statements
- Assess management's selection of accounting policies and principles
- Consider the external audit of the financial statements and the external auditor's report thereon including an assessment of whether external reporting is consistent with Committee members' information and knowledge
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised)
- Assess if the external auditors report is adequate for shareholder needs

Annual meeting with External Auditor

- Discuss the Company's choice of accounting policies and methods, and any recommended changes
- Discuss the adequacy and effectiveness of the Company's internal controls
- Discuss any significant findings and recommendations of the external auditor and management's response thereto
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information

External Auditor

- Review the Company's *Procedure for the Selection, Appointment and Rotation of External Auditor*
- Recommend to the Board to appoint and, if necessary, remove the external auditor and approve the terms on which the external auditor is engaged
- Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees
- Assess the overall performance of the external auditor

Internal Communications and Reporting

- Provide the report described in clause 5 of this Audit Committee Charter
- Regularly update the Board about Committee activities and make appropriate recommendations
- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business

Other

- Verify the membership of the Committee is in accordance with the Audit Committee Charter
- Review the independence of each Committee member based on the Company's *Policy on Assessing the Independence of Directors*
- Review and update the Audit Committee Charter and Action Points
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters and breaches of the Company's Code of Conduct

NOMINATION COMMITTEE CHARTER

ENERGY AND MINERALS AUSTRALIA LIMITED ("COMPANY")

1. Composition

The Nomination Committee shall comprise the full Board. The Board will use the processes below in relation to its consideration and review of nomination matters.

From time to time, non Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

2. Role

The role of the Nomination Committee is to effectively examine the selection and appointment practices of the Company.

3. Operations

The full Board shall meet as the Committee at least once a year and otherwise as required. Minutes of all meetings of the Board acting in its capacity of the Committee are to be kept. Committee meetings will be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board.

4. Responsibilities

(a) Size and Composition of the Board

To ensure that the Board has the appropriate blend of directors with the necessary expertise and relevant industry experience, the Committee shall:

- (i) regularly review the size and composition of the Board, and make recommendations to the Board on any appropriate changes;
- (ii) identify and assess necessary and desirable director competencies and provide advice on the competency levels of directors with a view to enhancing the Board;
- (iii) make recommendations on the appointment and removal of directors;
- (iv) make recommendations on whether any directors whose term of office is due to expire should be nominated for re-election;

- (v) regularly review the time required from non-executive directors and whether non-executive directors are meeting that requirement.

(b) Selection Process of new Directors

The Committee shall review the Company's *Policy and Procedure for Selection and (Re)Appointment of Directors*. Such procedure should be transparent to promote investor understanding and confidence in the process.

The Committee is empowered to engage external consultants in its search for a new director.

The initial appointment of a new Director is made by the Board. The new Director will be required to stand for election at the Company's next general meeting.

(c) Performance Appraisal Competency

The Committee shall:

- (i) develop a process for evaluation of the performance of the Board, Board committees (if any); and when deemed appropriate by the Chair, individual Board members in accordance with the Company's Process for Performance Evaluation;
- (ii) implement ways of enhancing the competency levels of directors;
- (iii) consider and articulate the time required by Board members in discharging their duties efficiently;
- (iv) undertake continual assessment of directors as to whether they have devoted sufficient time in fulfilling their duties as directors;
- (v) develop a process for and carry out an evaluation of the performance of the Managing Director / Chief Executive Officer in accordance with the Company's *Process for Performance Evaluation*;
- (vi) review and implement the Company's *Director Induction Program*;
- (vii) ensure new directors participate in the *Director Induction Program*; and
- (viii) provide all directors with access to ongoing education relevant to their position in the Company.

(d) Succession Plans

The Committee shall review the Board's succession plans. Succession plans are to assist in maintaining the appropriate balance of skills, experience and expertise on the Board.

5. Authority and Resources

The Company is to provide the Committee with sufficient resources to undertake its duties. The Committee has the authority, as it deems necessary or appropriate, to access advice from external consultants or specialists.

REMUNERATION COMMITTEE CHARTER

ENERGY AND MINERALS AUSTRALIA LIMITED ("COMPANY")

1. Composition

The Remuneration Committee shall comprise the full Board. The Board will use the process below in relation to its consideration and review of Remuneration matters.

From time to time, non Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

2. Role

The function of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- (a) remuneration packages of executive directors, non-executive directors and senior executives; and
- (b) employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

3. Operations

The full Board shall meet in its capacity as the Committee at least once a year and otherwise as required. Minutes of all meetings of the Board acting in the capacity of the Committee are to be kept. Committee meetings will be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board.

4. Responsibilities

The responsibilities of the Committee include a review of:

- (a) the Company's *Remuneration Policy* and framework ;
- (b) senior executives' remuneration and incentives; and
- (c) superannuation arrangements.

Executive Remuneration

In considering the Company's *Remuneration Policy* and levels of remuneration for executives, the Committee makes decisions which:

- (a) motivate executive directors and senior executives to pursue long term growth and success of the Company within an appropriate control framework;
- (b) demonstrate a clear correlation between senior executives performance and remuneration;
- (c) align the interests of key leadership with the long-term interests of the Company's shareholders; and
- (d) prohibit executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Non-Executive Remuneration

In considering the Company's *Remuneration Policy* and levels of remuneration for non-executive directors, the Committee is to ensure that:

- (e) fees paid to non-executive directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting;
- (f) non-executive directors are remunerated by way of fees (in the form of cash and superannuation benefits);
- (g) non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- (h) non-executive directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

Incentive Plans and Benefits Programs

The Committee is to:

- (i) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. The Committee will make recommendations to the Board on equity-based and employee benefit plans;
- (j) ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and
- (k) continually review and if necessary amend any existing benefit programs established for employees.

5. Authority and Resources

The Company is to provide the Committee with sufficient resources to undertake its duties. The Committee may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration.

The Committee has the authority, as it deems necessary or appropriate, to obtain advice from external consultants or specialists in relation to remuneration related matters.

POLICY AND PROCEDURE FOR SELECTION AND (RE)APPOINTMENT OF DIRECTORS

ENERGY AND MINERALS AUSTRALIA LIMITED ("COMPANY")

New Directors

It is the Policy of the Board that in determining candidates for the Board, the following process shall occur.

1. The Nomination Committee (or equivalent) evaluates the range of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors on the Board.
2. A potential candidate is considered with reference to their skills and expertise in relation to other Board members.
3. If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

Board Renewal

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Re-appointment of directors is not automatic.

Size and Composition of the Board

The Board should be structured in such a way that it has a proper understanding of, and competence to deal with, the current and emerging issues of the business and encourages enhanced performance of the Company.

Reference is made to the Company's size and operations as they evolve from time to time.

Commitment to the Board

Non-executive Directors shall satisfy the Nomination Committee (or equivalent), prior to their appointment that they are able to allocate sufficient time to carry out their non-executive director position, details of other commitments and an indication of the time involved in carrying out those other commitments.

All directors should consider the number and nature of their directorships and calls on their time from other commitments.

Informing Shareholders

Shareholders shall be informed of the names of candidates submitted for election as directors at a general meeting of shareholders. In order to enable shareholders to make an informed decision regarding the election, the following information shall be supplied to shareholders:

1. biographical details (including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate);
2. details of material business relationships between the candidate and the Company; and the candidate and directors of the Company;
3. directorships held;
4. the term of office currently served by any directors subject to re-election; and
5. any other particulars required by law.

PROCESS FOR PERFORMANCE EVALUATION

The performance evaluation of the Board and any applicable committees is completed by the Chair of the Board. Each director will be required to complete a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board, any applicable committees and its members. Senior executives having most direct contact with the Board may also be invited to complete similar questionnaires. Responses to the questionnaires are confidential and provided directly to the Company Secretary with the results individually and in aggregate then communicated to the Chair of the Board. The Chair of the Board meets individually with each Board member to discuss their comments. The Chair of the Board then meets with the Board as a whole during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with the Board, as a whole.

Individual director's performance evaluations are completed by the Chair. The Chair meets with each individual director and discusses their participation, preparedness and general contribution to the Board. The Board identifies weaknesses in their performance and may recommend strategies to correct those points.

The Managing Director's performance evaluation is reviewed by the Board. The Board conducts a performance evaluation of the Managing Director by conducting a Board meeting, without the Managing Director being present, for each director to provide feedback on the performance of the Managing Director. The Chair of the Board then meets with the Managing Director to discuss his overall performance. The Chair may recommend strategies to correct weaknesses.

The Managing Director reviews the performance of the senior executives. This is conducted by Managing Director meeting with senior executives to discuss their overall performance. The Managing Director may recommend strategies to correct weaknesses.

POLICY ON ASSESSING THE INDEPENDENCE OF DIRECTORS

ENERGY AND MINERALS AUSTRALIA LIMITED ("COMPANY")

An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

It is the Board's policy that in determining a director's independence the Board considers the relationships which may affect independence as set out in Box 2.1 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* as follows:

When determining the independent status of a director the Board should consider whether the director:

1. is a substantial shareholder¹ of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
2. is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;
3. has within the last 3 years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
4. is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
5. has a material contractual relationship with the Company or another group member other than as a director.

Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed to the Board.

¹ For this purpose a "substantial holder" is a person with a substantial holding as defined in section 9 of the Corporations Act. [As at 08/07/08 equals 5%].

SUMMARY OF POLICY FOR TRADING IN COMPANY SECURITIES

The board has adopted a Policy which prohibits dealing the Company's securities by directors, officers and employees when those persons possess inside information. The Policy also contains a blackout period within which directors, officers and employees are prohibited from trading. The Policy prohibits short term or speculative trading of the Company's securities. Directors, officers and employees are required to obtain clearance prior to trading.

SUMMARY OF CODE OF CONDUCT

The board has adopted a Code of Code which requires Directors, management and employees to deal with the Company's customers, suppliers, competitors and each other with honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates. The Code prohibits Directors, management and employees from involving themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. Directors, management and employees are required to respect the confidentiality of all information of a confidential nature acquired in the course of the Company's business. Directors, management and employees must protect the assets of the Company to ensure availability for legitimate business purposes. The Company acknowledges its responsibility to shareholders, the community, and the individual. The Company will use its best endeavours to ensure a safe work place and maintain proper occupational health and safety practices.

THE CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Principle 1: Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

Recommendation 1.3: Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

Guide to reporting on Principle 1

The following material should be included in the corporate governance statement in the annual report:

- an explanation of any departure from Recommendation 1.1, 1.2 or 1.3
- whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.

A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.

Principle 2: Structure the Board to add value

Companies should 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 chair should be an independent director.

Recommendation 2.3: The roles of the chair and chief executive officer should not be exercised by the same individual.

Recommendation 2.4: The board should establish a nomination committee.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Recommendation 2.6: Companies should provide the information indicated in the *Guide to Reporting on Principle 2*.

Guide to reporting on Principle 2

The following material should be included in the corporate governance statement in the annual report:

- the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report
- the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds
- the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships
- a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company
- the period of office held by each director in office at the date of the annual report
- the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out
- whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed
- an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.

The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors
- the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee
- the board's policy for the nomination and appointment of directors.

Principle 3: Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity

- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Recommendation 3.3: Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

Guide to reporting on Principle 3

An explanation of any departure from Recommendations 3.1, 3.2 or 3.3 should be included in the corporate governance statement in the annual report.

The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- any applicable code of conduct or a summary
- the trading policy or summary.

Principle 4: Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendation 4.1: The board should establish an audit committee.

Recommendation 4.2: The audit committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members.

Recommendation 4.3: The audit committee should have a formal charter.

Recommendation 4.4: Companies should provide the information indicated in the *Guide to reporting on Principal 4*.

Guide to reporting on Principle 4

The following material should be included in the corporate governance statement in the annual report:

- the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out
- the number of meetings of the audit committee

- explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.

The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- the audit committee charter
- information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.

Principle 5: Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Recommendation 5.2: Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

Guide to reporting on Principle 5

An explanation of any departures from Recommendation 5.1 or 5.2 should be included in the corporate governance statement in the annual report.

The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.

Principle 6: Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Recommendation 6.2: Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

Guide to reporting on Principle 6

An explanation of any departure from Recommendation 6.1 or 6.2 should be included in the corporate governance statement in the annual report.

The company should describe how it will communicate with its shareholders publicly, ideally by posting this information on the company's website in a clearly marked corporate governance section.

Principle 7: Recognise and Manage risk

Companies should establish a sound system of risk oversight and management and internal control

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4: Companies should provide the information indicated in the *Guide to reporting on Principle 7*.

Guide to reporting on Principle 7

The following material should be included in the corporate governance statement in the annual report:

- explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4
- whether the board has received the report from management under Recommendation 7.2
- whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.

The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- a summary of the company's policies on risk oversight and management of material business risks.
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Principle 8: Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear

Recommendation 8.1: The board should establish a remuneration committee.

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Recommendation 8.3: Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

Guide to reporting on Principle 8

The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report:

- the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out
- the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors
- an explanation of any departures from Recommendations 8.1, 8.2 or 8.3.

The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee
 - a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in vested entitlements under any equity-based remuneration schemes.
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SUMMARY OF COMPLIANCE PROCEDURES

The board has adopted Compliance Procedures to assist it to comply with the ASX Listing Rules disclosure requirements. Under the Compliance Procedures, a Responsible Officer is appointed who is primarily responsible for ensuring the Company complies with its disclosure obligations. The duties of the Responsible Officer are set out in the Compliance Procedures. The Compliance Procedures provide guidelines as to the type of information that needs to be disclosed and encourages thorough recording of disclosure decision making. The Compliance Procedures contain information on avoiding a false market, safeguarding confidentiality of corporate information, and information on external communication for the purpose of protecting the Company's price sensitive information. The Compliance Procedures also provide guidance relating to potential disclosure material.

PROCEDURE FOR THE SELECTION, APPOINTMENT AND ROTATION OF EXTERNAL AUDITOR

1. Responsibility

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as per the recommendations of the Audit Committee (or its equivalent). Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

2 Selection Criteria

Mandatory criteria

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

Other criteria

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

3 Review

The Audit Committee (or its equivalent) will review the performance of the external auditor on an annual basis and make any recommendations to the Board.

SHAREHOLDER COMMUNICATION POLICY

ENERGY AND MINERALS AUSTRALIA LIMITED ("COMPANY")

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company.

Electronic Communication

The Company makes available on its website the following information on a regular and up-to-date basis:

- Information briefings to media and analysts (via a link to the ASX website)
- Notices of meetings and explanatory materials (via a link to the ASX website)
- Financial information including annual reports
- All other Company announcements (via a link to the ASX website).

A shareholder may request a hard copy of the Company's annual report to be posted to them.

In addition to the above, the Company has an Enquiry Form on its website to assist with communications with shareholders.

Meetings

The Company considers general meetings to be an effective means to communicate with shareholders.

The Company provides information in the notice of meeting that is presented in a clear, concise and effective manner.

SUMMARY OF RISK MANAGEMENT POLICY

The Board has adopted a Risk Management Policy. Under the Policy, the Board delegates day-to-day management of risk to the Chief Executive Officer (or equivalent). The Policy sets out the role of the Chief Executive Officer (or equivalent) and accountabilities. It also contains the Company's risk profile and describes some of the policies and practices the Company has in place to manage specific business risks.