

## **CONFLICTS OF INTEREST POLICY AND PROCEDURES**

### **EPHRAIM RESOURCES LIMITED (“COMPANY”)**

#### **Overview**

This Conflict of Interest Policy has been developed to provide a framework for all Board directors to disclose actual and perceived conflicts of interest.

This policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Board of directors of the Company (the “Board”).

A director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentiality to the Company, which require that a director act in good faith on behalf of the Company and to exercise his or her powers for shareholders’ interests and not for their own or others’ interest.

Therefore the Board has adopted the following policies and procedures with respect to any or potential or actual conflict of interest involving directors:

#### **Conflict of Interest Policy**

The Board is committed to the transparent disclosure, management and monitoring of existing and potential conflicts of interest. All Board members have a duty to avoid actual or perceived conflicts of interest under the *Corporations Act 2001*.

This means that a director must avoid being placed in a potential situation of making a decision in relation to business of the Company that might be affected by another business or material personal interest of the director.

This policy is inclusive of material personal interests and related party transactions and is closely related to the requirements of directors to act in good faith and the improper use of their position, and inside information.

#### **Procedure**

Board members are required to disclose actual or perceived Conflicts of Interest and will sign a statement on appointment to the Board agreeing to refrain from attempting to influence any decisions in which they may have or be perceived to have a Conflict of Interest.

The Board will manage conflicts of interest under this policy by four actions:

##### **1. Disclosure**

A director shall promptly disclose to the Board any personal or outside interest, relationship or responsibility (financial, professional or otherwise) held by the director with respect to any potential or actual transaction, agreement or other matter which is or may be presented to the Board for consideration, even if such interest, relationship or responsibility has otherwise generally been disclosed to the Company or the Board. Directors are required to disclose existing or perceived conflicts of interest prior to the commencement of each Board meeting.

The Company Secretary will respond to disclosures by:

- Recording in the minutes of the meeting a members disclosure of a conflict of interest relating to particular agenda items.
- Record in the minutes of the next meeting a member's conflict of interest disclosure made outside of meeting times.
- Keeping copies of declarations and standing declarations of conflicts of interest in a Conflicts of Interest Register.

The Conflict of Interest Register will record:

- Names, affiliations and conflicting agenda items of members;
- Conflicts identified and actions taken;
- Any reports provided to the Board and senior management about Conflict of Interest matters; and
- Copies of any written conflict of interest disclosures to the Board.

A Board member who believes another Board member has an undeclared conflict of interest is required to specify the basis of the potential conflict in writing prior to the respective Board meeting through the Chairperson for resolution. Should this issue not be resolved through discussion, final resolution rests with the Chairperson. If the Board member believes the Chairperson has an undeclared conflict of interest they are required to specify the basis of the potential conflict in writing prior to the respective Board meeting through the Company Secretary for resolution.

Where a conflict of interest or potential conflict of interest has been disclosed, the Board member concerned shall withdraw from the meeting and leave the room. The member who has disclosed the conflict shall withdraw from the meeting and leave the room. The member who has disclosed the conflict cannot vote on that item or take part in any Board discussion on that topic. The Chairperson and remaining Board members can, on a case-by-case basis, reach unanimous agreement on an appropriate course of action.

## **2. Board Action**

For any potential conflict, the Board, with the abstention of the interested director, may decide whether such director may participate in any reporting, discussion or vote on the issue that gave rise to the potential conflict. The Chairperson shall direct the Company Secretary to withhold any information on such issues from the Board materials distributed to the applicable director and take all such other action necessary to effectuate this policy.

## **3. Recusal**

Any director with such an interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders, shall excuse himself or herself from any reporting, discussions and vote on the issue that gave rise to the conflict and, if necessary, from the Board meeting, or applicable part thereof. If required, an independent Board Committee is to be established for the purpose of reporting, discussing and voting on a conflicted item if there is more than one director who is conflicted on a certain matter.

## **4. Resignation**

In circumstances where a director has a significant, ongoing and irreconcilable conflict, and where such personal or outside interest, relationship or responsibility significantly impedes the director's ability to carry out his or her fiduciary responsibility to the Company, resignation from the Board or the conflicting interest may be appropriate and/or required.