

Related Party Transactions Policy

Emperor Range Group Limited (**Company**)

Release 1

Approved by the Board: 26 Nov 2013

Related Party Transactions Policy

1. Overview

- 1.1. When the Company is considering entering into a transaction with a related party there is a risk the interests of a related party may influence the decision-making of directors to the detriment of the Company's shareholders. The *Corporations Act 2001* (Cth) (Corporations Act) therefore imposes a number of protections to help manage this risk, including:
- 1.1.1. Div 2 of Pt 2D.1, which excludes directors of public companies with material personal interests in certain matters attending director meetings about, or voting on, these matters; and
 - 1.1.2. Ch 2E and Pt 5C.7, which require public companies and responsible entities of registered managed investment schemes to obtain member approval to provide a financial benefit to a related party, subject to certain exceptions.
- 1.2. This Related Party Transaction Policy (Policy) provides guidance to Relevant Persons of the Company and their associates if the Company is contemplating entering into a transaction that provides a Financial Benefit to a Related Party.

2. Definitions

- 2.1. For the purpose of this Policy:
- 2.1.1. **Financial Benefit** includes but is not limited to:
 - a) giving or providing finance or property;
 - b) buying an asset from or selling an asset;
 - c) leasing an asset from or;
 - d) receiving or supplying services;
 - e) issuing securities or granting an option;
 - f) taking up or releasing an obligation.

A financial benefit includes giving a financial benefit indirectly through an interposed entity and does not require the payment of money.
 - 2.1.2. **Related Party** means all controlling entities, directors and their spouses, relatives of directors and spouses, entities controlled by other related parties, a party that was a related party in previous 6 months, an entity has reasonable grounds to believe it will become related party in future and an entity that acts in concert with related party.
 - 2.1.3. **Relevant Persons** means all directors, officers, management that report directly to the Chief Executive Officer and associates of these persons. Other employees may be deemed to be relevant persons by the Board.
 - 2.1.4. **The Board** means the Company's Board of Directors.

3. Source of Legal Obligations

3.1. The relevant legislation and rules are:

3.1.1. Corporations Act 2001 (Cth) (Corporations Act), in particular the related party provisions in Ch 2E and Pt 5C.7 which aim to protect the interests of members of public companies and registered schemes by requiring member approval for giving financial benefits that could endanger members' interests, and

3.1.2. The ASX Listing Rules.

4. Related Party Transactions to be Referred to Shareholders for Approval

4.1. 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.

4.2. The Company cannot enter into a transaction that provides a financial benefit to a related party without obtaining the approval of shareholders or a waiver granted by the ASX.

5. Exceptions Which Do Not Require Shareholder Approval

5.1. The Company is not required to obtain shareholder approval to a related party transaction when the Board determines the transaction falls within the exceptions to the requirements for shareholder approval specified in the Corporations Act. The exceptions, listed in Division 2 of Chapter 2E of the Corporations Act, are transactions that are:

- a) On Arm's Length Terms;
- b) Remuneration and reimbursement for officer or employee;
- c) Indemnities, exemptions, insurance premiums and payment for legal costs for officers;
- d) Small amounts given to related entity;
- e) Benefits to or by closely-held subsidiary;
- f) Benefits to members that do not discriminate unfairly;
- g) Court orders.

6. Related Party Transaction Disclosure

6.1. As required by the Australian Accounting Standards Board (AASB 124), all related party transactions of the Company are disclosed in each annual report issued by the Company.

7. Breach of This Policy

7.1. A failure to obtain shareholder approval when the Board of the Company has not determined the transaction falls 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 Corporations Act if their involvement was dishonest.

8. Notice of Suspected Related Party Transactions

- 8.1. If any Employee believes that a transaction may constitute a related party transaction, the Employee must notify the Company Secretary.

9. Determining Related Party Transaction Exception

- 9.1. The proposed related party transaction will be referred to the Audit and Risk Management Committee of the Company, who will make a recommendation to the Board of the Company.
- 9.2. The Board must determine whether a transaction falls within the exceptions to the requirements for shareholder approval. As required by the Corporations Act in the event a director is a party to a related party transaction, that Director must exclude himself or herself from the approval process.

10. Training and Communication

- 10.1. A copy of this Policy is to be made available to all employees and Relevant Persons. Any question regarding the interpretation of this Policy should be made to the Company Secretary.
- 10.2. The Company can be contacted on the details below and the Company will endeavour to answer any further questions shareholders may have.

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Telephone: (08) 8223 4800

11. Review of this Policy

- 11.1. The Company Board has approved this Policy and will assess this document at regular intervals to make changes where required.