



MARKET RELEASE

3 October 2012

VICTORY MINES LTD

PRE-QUOTATION DISCLOSURE

Victory Mines Ltd ("Company") was admitted to the Official List of ASX Limited on Wednesday, 3 October 2012.

Official Quotation of the Company's securities will commence at 1.30pm E.D.S.T. (10.30 am W.S.T) on Tuesday, 9 October 2012.

The following information is released as pre-quotation disclosure.

1. Distribution schedule - Appendix 1A, paragraph 48.
2. Top 20 holders.
3. A statement setting out the number of securities subject to escrow and the escrow period applied to those securities.
4. The Company's share trading policy.
5. A statement confirming completion of the Lake Barlee Agreement dated 22 December 2011.
6. A statement confirming completion of the Yerrida Basin Agreement dated 11 June 2011.
7. An update on the status of the Clara Hills Option and Acquisition Agreements.
8. The full terms and conditions of the options on issue.
9. Provision of a statement disclosing the extent to which the Company will follow, as at the date of admission to the official list, the recommendations set by the ASX Corporate Governance Council. If the Company does not intend to follow all of the recommendations on admission to the official list, the Company must identify those recommendations that will not be followed and the reasons for not following them

Security Code: VIC

Jill Hewitt
Senior Adviser, Listings (Perth)



27 September 2012

Jill Hewitt
ASX Compliance Pty Ltd
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Jill

Confirmation of completion of agreements

Victory Mines Limited ("the Company") confirms the following:

1. Completion of the Lake Barlee Agreement dated 22 December 2011 to purchase exploration licence 29/829 by the and the issue of 50,000 fully paid ordinary shares but pending payment of \$5,000 in accordance with the agreement which states it will occur within 14 days of admission to the official list of ASX.
2. Completion of the Florella Acquisition Agreement dated 11 June 2012 to purchase a 70% interest in exploration licences 29/679 and 38/2374 pending the payment of \$100,000 being reimbursement of expenses.
3. Completion of the Yerrida Basin Tenement Sale and Joint Venture Agreement to purchase a 70% interest in exploration licences 51/1455 and 69/2872 and the issue of 1,000,000 ordinary fully paid shares to Proto Resources & Investments Ltd ("Proto").

The Company also advises that the Clara Hills Option and Acquisition Agreements have been completed by the issue of 1,000,000 fully paid shares and an additional 1,500,000 fully paid ordinary shares via a variation to the consideration terms agreed by the affected parties being the Company and Proto.

Victory Mines Limited ("the Company") has agreed with Proto Resources & Investments Limited ("Proto"), a vendor of one of the Company's projects, to pay the \$100,000 cash payment due under the Yerrida Basin Tenement Sale and Joint Venture Agreement outlined in section 8 of the Prospectus dated 4 July 2012 in the form of securities escrowed for a period of 24 months from initial quotation of the Company on ASX.

The Company has further agreed with Proto, to pay the \$100,000 cash payment due under the Clara Hills Option and Acquisition Agreements outlined in section 8 of the Prospectus dated 4 July 2012 in the form of securities escrowed for a period of 24 months from initial quotation of the Company on ASX.

In addition to this change, \$100,000 previously paid by the Company to Proto pursuant to the Yerrida Basin Tenement Sale and Joint Venture Agreement outlined in section 8 has been repaid. The Company has agreed with Proto to issue fully paid ordinary shares in lieu of this cash payment escrowed for a period of 24 months from initial quotation of the Company on ASX.

Proto have agreed to accept the total payment due, being \$300,000, in the form of fully paid ordinary shares in the Company issued at \$0.20 each in lieu of the cash payment. A total of 1,500,000 fully paid ordinary shares will be issued to Proto prior to the commencement of ASX quotation and will be escrowed for 24 months to comply with ASX listing rule 1.1, condition 10.

Yours sincerely

Danny Costick
Managing Director

Victory Mines Limited ABN 78 155 947 434

Level 45, 108 St Georges Terrace, Perth WA 6000
Telephone +61 8 9388 8041 | Fax +61 8 9388 8042
www.victorymines.com

TOP SPREAD REPORT

VICTORY MINES LIMITED

ABN 39 151 900 855

For Class: [60805]VIC ORDINARY FULLY PAID

Date: 03/10/2012

Operator: TseHung Cho

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SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 - 1,000	1	1	0.000 %
1,001 - 5,000	0	0	0.000 %
5,001 - 10,000	371	3,710,000	5.426 %
10,001 - 100,000	42	2,542,000	3.718 %
100,001 - 999,999,999,999	81	62,124,350	90.856 %
TOTAL	495	68,376,351	100 %

LOCALITY ANALYSIS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
NEW SOUTH WALES	208	45,132,001	66.005 %
VICTORIA	133	2,055,000	3.005 %
WESTERN AUSTRALIA	87	7,885,000	11.532 %
QUEENSLAND	34	2,055,000	3.005 %
SOUTH AUSTRALIA	27	4,315,000	6.311 %
NORTHERN TERRITORY	2	210,000	0.307 %
CANADA	1	3,750,000	5.484 %
HONG KONG	1	750,000	1.097 %
JAPAN	1	1,000,000	1.462 %
UNITED STATES OF AMERICA	1	1,224,350	1.791 %
Total Australian Holders	491	61,652,001	90.166 %
Total Overseas Holders	4	6,724,350	9.834 %
Grand Total	495	68,376,351	100.000 %

TOP 20 HOLDERS REPORT

VICTORY MINES LIMITED

ABN 39 151 900 855

For Class: VIC ORDINARY FULLY PAID

Date: 03/10/2012

Operator: TscHung Cho

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RANK	Shareholder	< CURRENT STATUS >				< PREVIOUS STATUS >			
		Total Units	% Issue Capital	Cum Units	% Cum Units	Total Units	% Issue Capital	Unit Change	% Unit Change
1	AUSTRALASIAN NOMINEES PTY LTD <THE AUSTRALASIAN A/C>	6,500,000	9.506	6,500,000	9.506	6,500,000	9.506	0	0.000
2	LBT CORP PTY LTD	4,350,000	6.362	10,850,000	15.868	4,350,000	6.362	0	0.000
3	QUANTUM RARE EARTH DEVELOPMENTS CORP	3,750,000	5.484	14,600,000	21.352	3,750,000	5.484	0	0.000
4	PROTO RESOURCES & INVESTMENTS LTD	3,500,000	5.119	18,100,000	25.471	3,500,000	5.119	0	0.000
5	FLORELLA HOLDINGS PTY LTD <THE FLORELLA A/C>	3,300,000	4.826	21,400,000	31.297	3,300,000	4.826	0	0.000
6	LANDPATH PTY LTD	3,270,000	4.782	24,670,000	36.080	3,270,000	4.782	0	0.000
7	SUBURBAN HOLDINGS PTY LTD <THE SUBURBAN SUPER FUND A/C>	2,000,000	2.925	28,670,000	39.005	2,000,000	2.925	0	0.000
8	PROTO RESOURCES & INVESTMENTS LTD	2,000,000	2.925	28,670,000	41.930	2,000,000	2.925	0	0.000
9	HOWZAT PTY LTD	2,000,000	2.925	30,670,000	44.855	2,000,000	2.925	0	0.000
10	PARADISE CAPITAL PTY LTD	1,260,000	1.843	31,930,000	46.697	1,260,000	1.843	0	0.000
11	DOV WIENER	1,224,350	1.791	33,154,350	48.488	1,224,350	1.791	0	0.000
12	SUBURBAN HOLDINGS PTY LTD <THE SUBURBAN SUPER FUND A/C>	1,150,000	1.682	34,304,350	50.170	1,150,000	1.682	0	0.000
13	MR DARRIN BLUMENTHAL	1,100,000	1.609	35,404,350	51.779	1,100,000	1.609	0	0.000
14	LKC TECHNOLOGY PTY LTD <LKC TECHNOLOGY P/L S/F A/C>	1,000,000	1.462	36,404,350	53.241	1,000,000	1.462	0	0.000
15	GRACIELA ALEJANDRA RAMIREZ	1,000,000	1.462	37,404,350	54.704	1,000,000	1.462	0	0.000
16	XPC INVESTMENTS PTY LTD	1,000,000	1.462	38,404,350	56.166	1,000,000	1.462	0	0.000
17	WAKABAYASHI FUND LLC	1,000,000	1.462	39,404,350	57.629	1,000,000	1.462	0	0.000
18	DM LAY PTY LTD	900,000	1.316	40,304,350	58.945	900,000	1.316	0	0.000
19	RED AND WHITE HOLDINGS PTY LTD <BLOOD SUPER FUND A/C>	900,000	1.316	41,204,350	60.261	900,000	1.316	0	0.000
20	ERROL BOME & MELANIE BOME	800,000	1.170	42,004,350	61.431	800,000	1.170	0	0.000
	TOTAL	42,004,350	61.431						



3 October 2012

Jill Hewitt
 ASX Compliance Pty Ltd
 Level 8 Exchange Plaza
 2 The Esplanade
 PERTH WA 6000

Dear Jill

Updated Statement of Commitments

Victory Mines Limited provides the following updated statement of commitments reflecting actual funds raised, being \$4,002,070.

Use of Funds	Full Subscription (\$4,002,070)
Pre-Offer cash and receivables	549,306
Total to be raised under the Offer	4,002,070
Total Funds Available	4,551,376
Year 1 Expenditure	
Exploration Asset Acquisition Costs	405,000
Exploration Expenditure	825,000
Expenses of the Issue	700,000
Directors fees*	348,500
Other Administration Costs	279,678
Total Year 1 Expenditure	2,558,178
Year 2 Expenditure	
Exploration Expenditure	1,200,000
Directors fees*	348,500
Other Administration Costs	272,678
Working Capital	172,020
Total year 2 Expenditure	1,993,198
Total of Year 1 and Year 2 Expenditure	4,551,376

Yours sincerely

Danny Costick
 Managing Director



3 October 2012

Jill Hewitt
 ASX Compliance Pty Ltd
 Level 8 Exchange Plaza
 2 The Esplanade
 PERTH WA 6000

Dear Jill

Updated Proforma Balance Sheet

Victory Mines Limited provides the following updated proforma balance sheet reflecting actual funds raised, being \$4,002,070.

	Reviewed Actual 31 March 2012 \$	Reviewed Pro forma 31 March 2012 \$
CURRENT ASSETS		
Cash and cash equivalents	540,156	3,537,226
Trade and other receivables	9,150	9,150
TOTAL CURRENT ASSETS	549,306	3,546,376
NON CURRENT ASSETS		
Exploration expenditure	106,788	1,021,888
TOTAL NON CURRENT ASSETS	106,788	1,021,888
TOTAL ASSETS	656,094	4,568,264
CURRENT LIABILITIES		
Trade and other payables	121,055	121,055
TOTAL CURRENT LIABILITIES	121,055	121,055
TOTAL LIABILITIES	121,055	121,055
NET ASSETS	535,039	4,447,209
EQUITY		
Issued capital	958,602	4,870,772
Option reserve	170	170
Accumulated losses	(423,733)	(423,733)
TOTAL EQUITY	535,039	4,447,209

Yours sincerely

Danny Costick
 Managing Director



ACN 151 900 855

CORPORATE GOVERNANCE POLICIES

SHARE TRADING POLICY

Purpose

This share trading policy sets out the Company's policy regarding the trading in Company securities, which includes shares, options, warrants, debentures and any other security on issue from time to time. This policy is separate from and additional to the legal constraints imposed by the common law, the Corporations Act and ASX Listing Rules.

This policy applies to all Directors, Key Management Personnel and other employees of the Company and their associates (including spouses, children, family trusts and family companies) as well as contractors, consultants, advisers and auditors of the Company ("designated officers").

Requirements

It is illegal to trade in the Company's securities while in possession of unpublished price sensitive information concerning the Company. Under the Corporations Act a person with inside information must not, and must not procure another person, to deal in the securities of a body corporate or enter into an agreement to deal in the securities of a body corporate. Inside information is defined in the Corporations Act as information that:

- is not generally available; and
- if generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the body corporate.

General Prohibition on Insider Trading

All designated officers are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the company. In addition, while in possession of unpublished price sensitive information designated officers must not advise others to trade in the Company's securities or communicate the information to another person knowing that the person may use the information to trade in, or procure someone else to trade in, the Company's securities.

Unpublished price sensitive information is information regarding the Company, of which the market is not aware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities, and includes:

- a proposed major acquisition or disposition;
- drill or exploration results;
- a significant business development or a proposed change in the nature of the Company's business;
- details of material contracts that are being negotiated by the Company;
- potential litigation that would have a substantial effect on the Company;

- a proposed change in the share capital structure of the Company;
- a proposed change in the Company's dividend policy; and
- a major change to the Board or senior management.

Restrictions on Trading

All parties to which this Share Trading Policy applies are prohibited to trade in the Company's securities at any time when they are in possession of any unpublished price sensitive information or potentially price sensitive information.

The prohibited trading period to which this Share Trading Policy applies are and periods where parties are in possession of any unpublished price sensitive information and Listing Rule 3.1A is in operation and any other period communicated by the Board from time to time ("Prohibited Period").

The prohibited period extends to, but is not limited to, the following:

Closed Periods - Directors and Employees

Directors and employees must also not deal in the Company's securities during the week immediately before and 48 hours after;

- the release of the Company's half-yearly or yearly results;
- the release of the Company's quarterly results; or
- the Annual General Meeting.

Closed Periods - Directors and Senior Management

Directors and senior management must also not deal in the Company's securities during the week immediately before and 48 hours after;

- the date of the Board meeting for the approval of the Company's interim or annual results; or
- the deadline for the Company to publish its annual results announcement.

If any party the subject to this Share Trading Policy is in any doubt as to the possession of price sensitive information or potentially price sensitive information they are required to seek permission from the Managing Director of the Company (or in the case of the Managing Director, the Chairman) prior to trading in the Company's securities.

Should the application of this Share Trading Policy conflict with the Corporations Act 2001 in any way, the Corporations Act 2001 will prevail.

Additional Restrictions on Short-Term Trading

The Company encourages Directors and employees to adopt a long-term attitude to their investment in the Company's securities. Consequently, Directors and employees may not engage in short-term or speculative trading of the Company's securities.

Permission to Trade

Directors, Key Management Personnel and other employees of the Company and their associates (including spouses, children, family trusts and family companies) as well as contractors, consultants, advisers and auditors of the Company ("designated officers") may trade in the Company's securities at other times so long as they are not in possession of any unpublished price sensitive information and fulfil the notification requirements contained in this policy.

The above parties may also trade in the Company's securities in the following circumstances:

- the Managing Director (or in the case of the Managing Director, another Director) approves the trade by a Director upon the director or Company Secretary satisfying the Managing Director that they do not possess unpublished price sensitive information about the

company and a failure to trade in the company's securities would result in exceptional circumstances such as financial hardship;

- the Managing Director approves the trade by an employee upon the employee satisfying the Managing Director that they do not possess unpublished price sensitive information about the company and a failure to trade in the Company's securities would result in exceptional circumstances such as financial hardship;
- trade in a managed securities portfolio where the person is not in a position to influence choices in the portfolio; and
- where the trade results from a dividend reinvestment plan where the person has given ongoing instructions to reinvest dividends.

The policy does not apply to any acquisition of securities as part of:

- A new issue where the issue is available pro rata to all holders of securities of the relevant class.
- A dividend reinvestment plan available to all shareholder.
- An issue of securities under an executive or employee share, option or rights plan.

Exceptions

Should any party, the subject of this Share Trading Policy, wish to trade during a Prohibited Period, they must submit a written request to the Board and satisfy the Board that exceptional circumstances exist and a failure to trade in the Company's securities would result in exceptional circumstances such as financial hardship.

Any request for permission to trade in during a Prohibited Period will be assessed by the full Board (or in the case of the Managing Director, the balance of the Board) on a case by case basis.

A Board resolution in response to the applicant's written request to trade within a Prohibited Period is to be executed and kept in the Company's corporate volume, and where granted, written approval provided to the applicant.

Notification of Proposed Trade in Company Securities

Chairman

Prior to trading in (either buying or selling) the Company's securities, the Chairman must notify the Managing Director of his/her intention to trade and confirm that he/she is not in possession of any unpublished price sensitive information.

Directors

Prior to trading in (either buying or selling) the Company's securities, Directors must notify the Chairman of their intention to trade and confirm that they are not in possession of any unpublished price sensitive information.

Employees

Prior to trading in (either buying or selling) the Company's securities, employees must notify the Chairman of their intention to trade and confirm that they are not in possession of any unpublished price sensitive information.

The requirement to provide notice of an intention to trade in the Company's securities does not apply to the acquisition of securities through Director, officer or employee share or option plans. However, the requirement does apply to the trading of the securities once they have been acquired.

Notification of Trade in Company Securities

Directors must also notify the Company Secretaries of any trade in the Company's securities as soon as practicable, but not later than 5 business days of such trade occurring so that the Company

Secretaries can comply with the ASX Listing Rule 3.19A requirement to notify the ASX of any change in a notifiable interest held by a Director.

Where a Director is granted permission to trade within a Prohibited Period, the notification to ASX must state whether the trade was made during a Prohibited Period where prior written approval is required and the date on which that written approval was provided - prior to the trade occurring.

The Company Secretaries will maintain a register of all trades and holdings in Company securities by Directors.

1. Current version dated 3 July 2012



Terms & Conditions

Options exercisable at \$0.20 on or before 3 years from the date of ASX listing (“\$0.20 Options”)

1. Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Options may be exercised at any time until the date 3 years from the date of ASX listing. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of twenty cents (\$0.20) per Option exercised. Any Options not exercised by 7.00pm EST on the date 3 years from the date of ASX listing will lapse.
3. The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until the date 3 years from the date of ASX listing. This right is subject to any restrictions on the transfer of an Option that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
4. Option holders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
5. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on the ASX it will, pursuant to the exercise of an Option, apply to the ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
6. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
7. If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

Victory Mines Limited ABN 78 155 947 434

Level 45, 108 St Georges Terrace, Perth WA 6000
Telephone +61 8 9388 8041 | Fax +61 8 9388 8042
www.victorymines.com



Terms & Conditions

Options exercisable at \$0.40 on or before 3 years from the date of ASX listing (“\$0.40 Options”)

1. Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Options may be exercised at any time until the date 3 years from the date of ASX listing. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of forty cents (\$0.40) per Option exercised. Any Options not exercised by 7.00pm EST on the date 3 years from the date of ASX listing will lapse.
3. The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until the date 3 years from the date of ASX listing. This right is subject to any restrictions on the transfer of an Option that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
4. Option holders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
5. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on the ASX it will, pursuant to the exercise of an Option, apply to the ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
6. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
7. If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

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ACN 151 900 855

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations*. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at asx.com.au/about/corporate_governance/index.htm.

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 1.2 Performance Evaluation of Senior Executives	1.4.10
Recommendation 1.3 Reporting on Principle 1	1.1 and 1.4.10
Recommendation 2.1 Independent Directors	1.2.1
Recommendation 2.2 Independent Chairman	1.2.1
Recommendation 2.3 Role of the Chairman and CEO	1.2.2
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Performance Evaluation Processes	1.4.10
Recommendation 2.6 Reporting on Principle 2	1.2.1, 1.4.10, 2.3
Recommendation 3.1 Code of Conduct	5
Recommendation 3.2 Diversity Policy	4
Recommendation 3.3 Diversity Objectives	4
Recommendation 3.4 Diversity Reporting	4
Recommendation 3.5 Reporting on Principle 3	4 and 5
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of Audit Committee	2.1.1
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Reporting on Principle 6	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	3.1
Recommendation 7.2 Risk Management Reporting	3.1

Recommendation 7.3 Attestations by CEO and CFO	1.4.11
Recommendation 7.4 Reporting on Principle 7	2.1.3 , 1.4.11
Recommendation 8.1 Establishment of Remuneration Committee	2.2
Recommendation 8.2 Structure of Remuneration Committee	2.2
Recommendation 8.3 Executive and Non-Executive Director Remuneration	2.2.4
Recommendation 8.4 Reporting on Principle 8	2.2 and 2.2.4

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Chairman (if and when appointed) and other key executives in the performance of their roles.

1.2.1 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Prospectus dated on or about 4 July 2012 along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Dr James Ellingford and Mr Ashley Hood are Non-Executive Directors and independent directors as they meet the following criteria for independence adopted by the Company. The Board recognises that the following criteria is not exhaustive in determining the independence of directors.

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- has not been employed in an executive capacity by the Company or another Company member since incorporation;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other Company member other than as a Director of the Company.
- their role is to advise the Company on matters pertaining to their expertise and provide governance in the best interests of the Company. Independent Directors do not participate in day to day operations or management of the Company and its affairs.
- are remunerated based on a set scale relating to the risks undertaken within their roles as Non-Executive Directors. Additional work engagements may be undertaken by independent Directors at commercial rates, however the Company and the Independent Directors must ensure that materiality thresholds are not breached.

Mr Danny Costick and Mr Peter Peebles are Executive Directors of the Company and do not meet the Company's criteria for independence. However, their experience and knowledge of the Company makes their contribution to the Board such that it is appropriate for them to remain on the Board.

1.2.2 Role of the Chairman and CEO

Recommendation 2.3 has been complied with as the Company currently does not have a CEO in place and appointed management is separate from the Chairman's position.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.

- **Overseeing Planning Activities:** the development of the Company's strategic plan.
- **Shareholder Liaison:** ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- **Monitoring, Compliance and Risk Management:** the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- **Company Finances:** approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- **Ensuring the Health, Safety and Well-Being of Employees:** in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- **Delegation of Authority:** delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 *Board Policies*

1.4.1 *Conflicts of Interest*

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 *Commitments*

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 *Confidentiality*

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 *Continuous Disclosure*

The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules which is available on the Company's website. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

1.4.5 *Education and Induction*

It is the policy of the Company that all new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;

- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders, the Company website and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company and encourages shareholders to visit the Company's website for information.

The Company's policy for shareholder communication is available on the Company's website.

1.4.9 Trading in Company Shares

On 3 July 2012 the Board adopted a Share Trading Policy. The Board periodically reminds directors, officers and employees of the prohibition in the *Corporations Act 2001*, and any other prohibited trading periods stated in the Share Trading Policy, concerning trading in the Company's securities when in possession of "inside information". The Board also periodically reminds directors of their obligations under to notify the Company Secretary of any trade in securities to ensure that ASX Listing Rule requirements are met. The Company's policy for trading in the Company's securities is available on the Company's website.

1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct regular evaluation of its performance against appropriate measures. The evaluation process was introduced via the Board Charter adopted on 3 July 2012 and will be implemented for the financial period ended 30 June 2013. A performance evaluation of senior executives will be undertaken during the financial period ended 30 June 2013 in accordance with the Board Charter. The objective of this evaluation is to provide ongoing best practice corporate governance to the Company.

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. Due to the size and scale of operations of the Company these roles are performed by the Board as a whole.

2. Board Committees

2.1 Audit Committee

Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. In the absence of a formal audit committee the board considers the issues that would otherwise be considered by the audit committee. A copy of the Audit Committee Charter is available on the Company's website.

Below is a summary of the role and responsibilities of an Audit Committee.

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

The audit committee was nominated on 27 February 2012 and comprises Dr James Ellingford (Chairman) and Mr Ashley Hood. The audit committee's role includes commenting on the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Audit Committee Charter

The Board has adopted an Audit Committee Charter which sets of the roles and responsibilities, composition, structure and membership requirements. The Board refers to the Audit Committee Charter to ensure they are meeting all the requirements otherwise delegated to an audit committee. A copy of the Audit Committee Charter is available on the Company's website.

2.1.3 Responsibilities

The Audit Committee or as at the date of this report the full Board of the Company reviews the audited annual and half-yearly financial statements and any reports which a Company published financial statements and recommends their approval to the members.

The Audit Committee or as at the date of this report the full Board of the Company each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee or as at the date of this report the full Board of the Company is also responsible for establishing policies on risk oversight and management.

2.1.4 Risk Management Policies

The Board's Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of operations, risk management issues are considered by the Board as a whole. On completion of the annual report, the Managing Director and Company Secretary will provided the Board with written assurance that the financial statements are founded on a sound system of risk management and internal compliance. Their statement assured the Board that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

2.1.5 External Auditor

The Board's has adopted a policy setting out criteria for the selection and appointment of an external auditor. A copy of this policy is available on the Company's website.

2.2 Remuneration Committee

2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The remuneration committee was nominated on 27 February 2012 and comprises Mr Peter Peebles and Mr Ashley Hood.

2.2.2 Responsibilities

The responsibilities of a Remuneration Committee, or the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors, recommendations and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, settling with the Chief Executive Officer goals and reviewing progress in achieving those goals.

2.2.3 Remuneration Policy

Current directors' Remuneration was approved by resolution of the Board on 3 July 2012.

2.2.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance. During the year there were no Non-Director Executives.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of four (4) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2 Responsibilities

The responsibilities of a Nomination Committee, as performed by the full Board, include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

3. Risk Management

3.1 Risk Management Policies

The Company's risk management strategy policy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's risk management strategy are to:

- identify risks to the Company,
- balance risk to reward,
- ensure regulatory compliance is achieved; and
- ensure senior management, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Board requires that each major transaction proposed to the Board for decision is accompanied by a risk assessment.

The Company's risk management strategy was formally reviewed by the Board on 3 July 2012 and was considered the Company's risk management strategy sound for addressing and managing risk. A copy of the strategy is available on the Company's website.

4. Diversity

The Company recognises and respects the value of diversity at all levels of the organisation.

The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation.

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – nil%
- to senior management – 20% (Company Secretary)
- to the organisation as a whole – 20% (Company Secretary)

The Company's objective is to promote a culture which embraces diversity through ongoing education, succession planning, director and employee selection and recognising skills are not gender specific.

The Company's objective for the next two years is to increase the proportion of women on the board, appointed to senior management and the organization as a whole however at this early stage of the Company's development it is not possible to set targets. The Board will review the targets as the Company's operations increase and personnel requirements are better understood.

The Remuneration Committee will report on the progress towards achieving these objectives annually and include details in the annual report.

5. Company Code Of Conduct

The Board adheres to and is responsible for enforcing the Code of Conduct set out in this Corporate Governance Statement.

The Company is committed to:

- applying the Company's funds efficiently to provide above average and sustainable return to shareholders through capital appreciation; and
- adopting high standards of occupational health and safety, environmental management and ethics.

The Board through the Managing Director monitors the Company's compliance with the Code of Conduct periodically. The Code of Conduct will be reviewed by the Board to ensure it reflects the standards of behaviour and practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct applies to all the directors and employees of the Company who must comply with all legal obligations and the Company policies.

The Board and the executives are obligated to avoid situations of real or apparent conflict of interest between them as individuals and as Directors or employees of the Company. If a situation where a conflict of interest arises the Managing Director is to be notified; the matter will then be considered and the appropriate steps taken to avoid a repetition.

Any breach of Corporate Governance is to be reported directly to the Managing Director.

Corporate Responsibility

The Company complies with all legislative and common law requirements that affect its business, particularly environmental regulations, native title and cultural heritage laws.

A copy of the Company's Code of Conduct is available on the Company's website.