

Anti-Bribery and Corruption Policy

1 Applicability

A reference to the Group in this Policy is a reference to Magnetite Mines Limited ABN (**Company**) and each of its child entities.

This Policy applies to all directors, officers, employees, consultants and contractors of the Group (**Personnel**).

This Policy will also apply to agents, third parties and other representatives engaged by the Group to represent its interests or perform services for the Company (**Representatives**).

The Group expects all its Personnel and Representatives to comply with both the letter and spirit of the laws that govern the Group's operations worldwide and with Group policy, and particularly this Policy.

Each person to whom this Policy applies:

- (a) will be given access to this Policy via the Company's [website](#);
- (b) will be provided with and must attend training and awareness sessions on this Policy;
- (c) must cooperate with any investigation initiated pursuant to this Policy; and
- (d) must report matters of concern in accordance with the Group's Whistleblower Policy.

Adherence to this Policy is a condition of employment or engagement by, or association with, the Group.

2 Purpose

The Group is committed to ensuring that its corporate culture, in all its offices and operations worldwide, discourages fraudulent and corrupt conduct. The Group reserves the right to take disciplinary action, including immediately terminating the employment or engagement of any Personnel, or its association with any Representative, who seeks to illegitimately influence any public official in the exercise of his or her official duties or is involved in any fraudulent or corrupt behaviour.

The purpose of this Policy is to educate and inform Personnel and Representatives about the Group's commitment to anti-corruption and bribery requirements arising from anti-bribery and corruption laws and the various laws prohibiting fraudulent and corrupt behaviour more generally. This Policy is intended to be a common-sense guide to enable Personnel and Representatives to understand and comply with their obligations under these laws.

This Policy is designed to ensure that the Group delivers on its commitment to fostering an anti-corruption culture, but it does not create any rights in any person including any employee, customer, suppliers, competitor, shareholder or other stakeholder.

This Policy is for the protection of not only the Group, but also Personnel and Representatives. Training and awareness sessions on this Policy will be provided to Personnel and Representatives as required and to the level appropriate to them.

If any Personnel or Representative to whom this Policy applies does not understand any part of this Policy, or how it applies to them, they should contact the Company Secretary located in the Company's office in Perth, Western Australia. Ultimately it is the individual's responsibility to make sure that none of their behaviour or conduct constitutes, or could be seen to constitute, bribery or corruption. This Policy applies in addition to, and not to the exclusion of, the Group's other policies and procedures including its Code of Conduct and Whistleblower Policy.

The Group will communicate this Policy to its stakeholders and the wider community by publishing it on the 'Corporate Governance' page of its website.

3 What is bribery and corruption?

A bribe is an inducement or reward offered, promised or provided to gain any commercial, contractual, regulatory or personal advantage. Bribery includes the giving of benefits (such as making payments, giving a gift or a favour) to influence an individual or organisation to award business opportunities to the Group or to make business decisions in the Group's favour.

Corruption is the abuse of entrusted power for private gain.

4 No bribes policy

It is the Group's policy to conduct all its business in an honest and ethical manner. The Group takes a zero-tolerance approach to bribery and corruption, and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates.

Notwithstanding laws to the contrary, the fact that bribery and corruption may be tolerated or encouraged in some of the countries in which the Group operates does not affect the Group's commitment to best business practice. The Group will make every effort to ensure that it adheres to the laws and regulations which govern its operations, including the *Criminal Code Act 1995* (Cth) (**Australian Criminal Code**) and other laws applicable to the Group prohibiting foreign and domestic bribery and fraudulent conduct (**Bribery Laws**).

Accordingly, the Group prohibits bribery and corruption in any form, whether direct or indirect and no Personnel or Representative should commit, be a party to or be involved in any bribery or corruption. The use of Group funds or assets, either directly or indirectly, for any bribe, kickback or payoff is strictly prohibited.

The payment of normal discounts and allowances, commissions, fees, entertainment expenses, expenses for normal sale promotion activity and services, expenses related to a contract with a foreign country and other customary payments or courtesies in the ordinary course of business should only be made in accordance with this Policy.

5 Facilitation Payments

Facilitation payments are a form of bribery made for the purpose of expediting or securing the performance by a public official of a routine government action of a minor nature that is part of the public official's duties or functions.

A "routine government action" is an action which is ordinarily and commonly performed by a public official and **does not** involve a decision about whether to award new business, whether to continue to do business, or the terms of that business, or encouraging someone to make such a decision. Examples of routine government actions include:

- (a) granting a permit, licence or other official document that qualifies a person to do business in a foreign country;
- (b) processing government papers such as a visa or work permit;

- (c) providing services normally offered to the public, such as police protection, mail collection or delivery, telecommunication services and power and water supply;
- (d) scheduling inspections associated with contract performance or related to the transit of goods;
- (e) loading and unloading cargo; and
- (f) protecting perishable products, or commodities, from deterioration.

Facilitation payments, whether legal or not in a country, are prohibited under the Policy.

6 Gifts and hospitality

Reasonable gifts and hospitality will not violate the principles set out in this Policy unless they are made with the intention of obtaining or retaining business or a business advantage that is not legitimately due.

Gifts and hospitality can take many forms. A gift can be a payment, payment in kind (which includes the provision of goods or services), personal favour or anything of value given or received where the recipient does not pay fair market value. Hospitality is providing entertainment or enjoyment where a Personnel or Representatives accompanies the person. It is anything of real value to the recipient. Accepting or offering gifts or hospitality of moderate value is acceptable in situations where it is legal and in accordance with the Group's best business practice.

Personnel and Representatives must not give or accept gifts of any kind that could be reasonably regarded as unduly influencing the recipient or creating a business obligation on the part of the recipient. Advice may always be sought by the Chief Executive Officer by referral to the Group's lawyers if necessary.

It is essential that all Personnel and Representatives comply with Group policy in relation to gifts and hospitality, and that they be seen to comply with the Group's policies and the laws and regulations that govern the Group.

When deciding whether it is appropriate to give or accept a particular gift or hospitality, a number of issues must be considered including:

- (a) the **monetary value** – is the gift or hospitality excessive or expensive? If so, the gift should not be given or accepted;
- (b) the **timing** of the gift or hospitality, irrespective of its value - are there any negotiations or contracts being settled? If the giving or receipt of a gift or hospitality coincides with an important business decision, the gift or hospitality should not be given or accepted;
- (c) the **outside impression** conveyed by giving or accepting the gift or hospitality – if there may be an impression formed by a third party that there is an improper connection between any gift or hospitality and a particular business opportunity, then the gift or hospitality should not be given or accepted; and
- (d) the **type** of gift - certain gifts should never be given or accepted.

Examples of appropriate gifts

Flowers, chocolates, merchandise bearing the Group's logo (hats/t-shirts/umbrellas) or small amounts of inexpensive wine.

Examples of inappropriate gifts

Cash, vouchers, controlled substances, expensive jewellery, first class airline tickets, holidays, electronic goods, expensive wine or extravagant purchases of any description.

The above examples are not exhaustive lists.

If a person can, without hesitation, acknowledge and justify the giving and receiving of a gift or hospitality and its size and nature in a public forum without any adverse impact on the Company's reputation then and only then is it a gift or hospitality within the culture of the host country.

To quote a US Supreme Court judge, Justice Noonan '*a gift can be disclosed, a bribe needs to be concealed*'.

6.1 Reporting and Record keeping

Personnel and Representatives must declare all gifts and hospitality provided, offered or received that are valued at \$100 or more to the Company Secretary as soon as possible after the event takes place, but within five business days of receiving or being offered or receiving (whichever is the earlier) the gift or hospitality.

Personnel and Representatives must disclose to the Chairman of all gifts or hospitality provided, offered or received which are valued at more than \$100 before they are provided or offered/received (whichever is the earlier) with the exception of:

- (e) work related conferences; and
- (f) invitations to networking events.

The Chairman may require that a gift or hospitality is declined, donated or returned.

7 Charitable contributions and sponsorships

The Group does not make charitable contributions or enter into sponsorship arrangements that could be perceived as a way of obtaining or retaining an improper advantage for the benefit of the Group, or any other person.

Donations must be solely for charitable and community purposes and sponsorships for business promotion purposes.

Any charitable contributions and sponsorships must be permitted by law, must be authorised by the Chief Executive Officer in writing and not provided to individuals or organisations that are linked to a political cause (as defined in section 8 of this Policy).

Risk based due diligence should be conducted, as appropriate, on the recipients of any charitable contributions or sponsorships and all benefits to be provided to the recipients should be documented in a written agreement. The Group will disclose all its charitable contributions and sponsorship arrangements.

8 Political contributions

The Group does not make any political contribution in any country.

A **political contribution** is a contribution, whether financial or in-kind, support a political cause. A **political cause** includes political parties, party affiliated organisations, party officers and political candidates.

If Personnel or Representatives wish to participate in any event or activity for a political cause, they must first obtain the written approval of the Chief Executive Officer. If approval is given, participation is conditional on it being made clear that it is in the person's personal capacity (and not as a representative of the Group), and the participant must use their own time and money to participate in the event or activity.

9 Internal controls and record keeping

9.1 Internal controls

The Group will establish and maintain effective systems of internal controls to counter bribery and corruption. These internal controls will comprise financial and organisational checks and balances over the Group's accounting and record keeping practice and other business processes related to its anti-bribery and anti-corruption policies and procedures. The system will be reviewed to ensure that it remains effective.

9.2 Integrity of record keeping and accounts

The Group is committed to maintaining the integrity of all company books and records so that they provide an accurate account of all transactions. The integrity of records is essential for maintaining stakeholder confidence and ensuring compliance with the laws that apply to the Group, including the *Australian Corporations Act 2001* (Cth).

The Australian Criminal Code contains false accounting laws. These are in addition to other Commonwealth, State and Territory laws dealing with false accounting. It is an offence for a company or individual to intentionally conceal illegitimate payments by making, altering or destroying accounting records, or by failing to make or alter accounting records that are required by law to be made or altered. The relevant intention is one to facilitate, conceal or disguise the giving or receiving of a benefit that is not legitimately due, or a loss not legitimately incurred. There is another offence where the person is reckless about those matters, that is aware of a substantial risk that their conduct would result in the outcomes described. These laws are sufficiently broad to capture not only false accounting connected with foreign bribery, but also false accounting practices connected with domestic bribery offences.

It is Group policy that all books and records be kept so that they fully and fairly reflect all receipts and expenditures by the Group such that:

- (a) no numbered or secret account or undisclosed or unrecorded funds or asset of the Company shall be maintained or established for any purpose;
- (b) no false or artificial entries shall be made in the books and records of the Company for any reason and no employee shall engage in any arrangement that results in such prohibited act; and
- (c) no transaction shall be effected, and no payment shall be approved or made, on behalf of the Company with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

10 Reporting violations

To be effective, this Policy relies on Personnel and Representatives raising concerns and reporting suspected violations as early as possible.

The Group encourages Personnel and Representatives to notify the Whistleblower Officer in accordance with the procedures set out in the Whistleblower Policy (available on the Company's [website](#)), of potential or suspected violations of:

- (a) legal or regulatory requirements;
- (b) company policy as set out in the Code of Conduct or this Policy;
- (c) internal policy relating to accounting standards and disclosures;
- (d) internal accounting controls; or
- (e) matters related to the internal or external audit of the Group's financial statements.

The Whistleblower Officer's contact details are as follows:

Mr Frank DeMarte
Suite 17, 1st Floor, 22 Greenhill Road, Wayville SA 5034
PO Box 1014 Canning Bridge, Applecross WA 6153
Tel: +61 8 8427 0516
Email: frank.demarte@magnetitemines.com

If the matter concerns the Whistleblower Officer, or a person is not comfortable contacting the Whistleblower Officer, they should contact another Board member.

The Group is committed to ensuring confidentiality in respect of all matters raised under this Policy, and that those who make a report in good faith are treated fairly and do not suffer any detriment.

This commitment by the Group:

- (a) provides a strong indicator that the Group is committed to and complies with its legal and ethical obligations;
- (b) enables individuals to feel that the Group is properly addressing their concerns; and
- (c) ensures that persons are not penalised for fulfilling their obligation to ensure that the Group's conduct meets its policies on compliance and ethics.

Upon receipt of a complaint alleging a violation, the Whistleblower Officer will follow the investigation procedure set out in the Whistleblower Policy. Any findings of non-compliance with Group policy or regulatory non-compliance will be reported to the Board via the Chairman. The Board is responsible for ensuring that the appropriate corrective action is taken which may include: dismissal of Personnel, cancelling of contracts with Representatives, and reporting the alleged violation to the appropriate governmental and law enforcement agencies.

11 Consequences of breach

The Group is committed to building and maintaining a reputation for integrity and honesty. This reputation depends on its Personnel and Representatives complying with the law.

The Group expects the highest standards of ethical conduct from all its Personnel and Representatives, regardless of their position in, or relationship with, the Group. The Group requires adherence to both the letter and the spirit of all laws and regulations that govern the Group. Adherence is a term of employment or association with the Group. Violation of the law by any Personnel or Representative will be regarded as serious misconduct, which may be subject to disciplinary action including termination of employment or association with the Group.

Personnel and Representatives are responsible for ensuring that their actions do not violate the law. If any Personnel or Representative is directed to do something which they believe to be unlawful, they are expected to report the incident to the Whistleblower Officer in accordance with this Policy and the Whistleblower Policy. All complaints and reports will be treated confidentially and no retaliation against a person making a report will be tolerated.

Group managers are responsible for their own individual behaviour. To an extent, they are also accountable for the actions of Group employees that report to them. Each manager is responsible for ensuring that the employees who report to them are aware of Group policy as set out in this Policy document and the Code of Conduct. Managers should ensure that new employees attend relevant training sessions to ensure that they understand Group policy. Managers should report any violations of the principles set out in this Policy or the Code of Conduct generally to the Whistleblower Officer.

The Group will, through its directors and senior management, endeavour to maintain a work environment where frank and open discussion is encouraged and expected, without fear of

retribution. The Group will ensure that any allegations of violation of any laws that apply to the Group will be treated confidentially, investigated thoroughly and dealt with appropriately in accordance with the procedures set out in this Policy and the Whistleblower Policy.

All Personnel and Representatives are required to understand and comply with the laws that apply to the Group, including the foreign bribery laws and Bribery Laws.

12 Review of this Policy and responsibilities

12.1 Board

The Board has approved this Policy, and the oversight of this Policy is the responsibility of the Board. The Board will review this Policy at least annually, and make any necessary amendments.

The Board is responsible for:

- (a) approving, reviewing and amending this Policy, as required;
- (b) implementing this Policy in all Group entities, and using its influence to encourage equivalent policies in other entities which it has a significant investment or with which it has a significant business relationship;
- (c) monitoring the effectiveness of this Policy;
- (d) providing leadership, guidance, and advice to promote compliance with this Policy; and
- (e) ensuring effective reporting, escalation and resolution of bribery and corruption compliance issues.

12.2 Chief Executive Officer and senior management

The Chief Executive Officer and other members of senior management are responsible for:

- (a) providing leadership, guidance, and advice to promote compliance with this Policy;
- (b) designing and implementing training and awareness programs on this Policy;
- (c) ensuring effective reporting, escalation and resolution of bribery and corruption compliance issues; and
- (d) reporting to the Board as appropriate.

12.3 Company Secretary

The Company Secretary is responsible for:

- (a) maintaining a gifts and hospitality register, and reporting to the Board about any gifts or hospitality provided or received (as required to be reported under this Policy) at each Board meeting; and
- (a) maintaining accurate records of all information provided to the Company Secretary under this Policy, including details of any breaches of this Policy or questions about this Policy that are received.