



Corporate Governance Principles

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1. Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of Directors (“Board”) of GB Energy Limited (“the Company”) is a strong advocate of corporate governance. This statement outlines the Company’s principal corporate governance procedures. The Board supports a system of corporate governance to ensure that the management of the Company is conducted to maximise shareholders wealth in a proper and ethical manner.

1.1 The Corporate Governance Principles and Best Practice Recommendations

The ASX Corporate Governance Council released the following Principles of Good Corporate Governance and Best Practise Recommendations (“ASX Principles”).

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.

Principle 2 – Structure the board to add value

Companies should have a board of an 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 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.

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.

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
 - have 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 Principle 4.

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.

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.

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.

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.

1.2 Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Board of Directors

The primary responsibility of the Board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals. Given the size and operations of the business, the Board undertook an active, not passive, role in the day-to-day management of the Company during the financial year.

The Company's constitution provided that the number of directors shall not be less than three and not more than seven. There is no requirement for any share holding qualification.

The responsibilities of the Board include:

- Protection and enhancement of shareholder value;
- Formulation, review and approval of the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and

- monitoring results;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- The identification of significant business risks and ensuring that such risks are adequately managed;
- The review of the performance and remuneration of executive directors and key staff;
- The establishment and maintenance of appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

In accordance with the Council's recommendations, the Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where, a recommendation has not been followed that fact has been disclosed, together with the reasons for the departure.

Corporate Governance Compliance

Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

Principle 1 – Lay solid foundations for management and oversight

1.1 There was no delineation of functions between the Board and senior executives during the financial year.

All functions, roles and responsibilities were undertaken by the Board together with senior executives during the financial year. On 22 October 2008 Miles Ashton was appointed in the senior executive role of Strategic Solutions to review the assets of the Company and raise the Company profile and awareness of the Company's asset suite in the investment community. Miles Ashton was appointed Managing Director effective on 9 July 2009, a subsequent event.

1.2 The Chairman is responsible for the evaluation of senior executives through an annual performance review process which is reported to the Board.

Principle 2 – Structure the Board to add value

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgement. In accordance with the definition of independence, there are no independent directors currently on the Board. The directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company. In order for each director to fulfill their duties, the Board has agreed that a director may seek independent professional advice at the expense of the Company.

2.1 The Company does not have a majority of independent directors.

Consistent with the size of the Company and its activities, the Board was comprised of three directors, one of whom was considered to be an executive director. A new Managing Director was appointed on 9 July 2009, taking the number of directors to four. The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to this policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

2.2 The Chairman, Graeme Kirke is not an independent director.

The Chairman is one of the directors currently on the Board and given the size and nature of operations of the Company, this status was considered appropriate. Since the appointment of the Managing Director on 9 July 2009, the Chairman's role has become non-executive. The Board's policy is that the Chairman shall be independent and non-executive at a time when the size of the



Company and its activities warrants such a position.

- 2.3** During the financial year, the role of Chair and Chief Executive Officer was exercised by Graeme Kirke. The roles have been separated with the appointment of Miles Ashton as Managing Director on 9 July 2009 and Graeme Kirke has assumed the role of Non-Executive Chairman.
- 2.4** A Nomination Committee has not been established. The Board given the present size of the Company at this time has not formed a separate Nomination Committee and this function is undertaken by the full Board.
- 2.5** The Board is collectively responsible for the evaluation of other directors.

Principle 3 – Promote ethical and responsible decision making

- 3.1 And 3.2** The Company has established a Code of Conduct to guide directors and employees in the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account the Company's legal obligations and the reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

All directors, executives and employees of the Company are charged with the responsibility to act with utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Code of Conduct and Share Trading Policy will be placed on the Company's website.

Principle 4 – Safeguard integrity in financial reporting

- 4.1** The Company did not have an Audit Committee as at 30 June 2009. The role of the Audit Committee was assumed by the full Board.
- 4.2** The Company has recently, subsequent to 30 June 2009, formed an Audit and Risk Management Committee however its structure does not comply with the structure set out in Recommendation 4.2. GB Energy is not able to comply with the recommended committee structure as the Company does not currently have a majority of independent directors. The function of the Audit and Risk Management Committee will be undertaken in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Company is of sufficient size, the structure of the Audit and Risk Management Committee will comply with Recommendation 4.2.

It is the Audit and Risk Management Committee's responsibility to ensure that an effective internal control framework exists within the consolidated entity. This includes internal controls to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. The Audit and Risk Management Committee is responsible for the establishment and maintenance of a framework of internal control.

Principle 5 – Companies should promote timely and balanced disclosure of all material matters concerning the Company

The Company understands and respects the fact that timely disclosure of price sensitive information is central to the efficient operation of the ASX and to the prevention of selective or inadvertent disclosure.

The Company Secretary is responsible for overseeing and coordinating disclosure of information to the ASX and liaises with the Managing Director in relation to continuous disclosure matters. The Company's Continuous Disclosure Policy will be provided on the Company's website.



Principle 6 – Respect the Rights of Shareholders

This principle requires that the Company design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings. A copy of the Company's shareholder communication strategy will be placed on the Company's website.

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's half yearly and quarterly reports. The Company also encourages full participation of shareholders at the annual general meeting of the Company which is attended by the Company's auditor who is available to answer questions.

The Company will make available the following information on its website:

- Company Announcements
- Information briefings to media and analysts
- Notices of meetings and explanatory materials
- Financial information
- Annual Reports

The Company website will provide a portal giving shareholders the opportunity to subscribe to GBX news.

Principle 7 – Recognise and manage risk

This principle requires the Company to establish a system of risk oversight and management and Internal control.

During the financial year, all functions, roles and responsibilities with regard to risk oversight and management and internal control were undertaken by the Board as a whole.

The Company recently formed an Audit and Risk Management Committee (please refer to 4.2). This Committee will review the Risk Management policy which is designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Board has received assurance from the Managing Director and Chief Financial Officer (equivalent) in accordance with section 295(A) of the Corporations Act 2001 with respect to the effective operation of the risk management and internal control systems to the extent they relate to the financial report.

The Board has made an assessment of the Company's systems for management of material business risks. The assessment has found that adequate systems and controls are in place; however, in the interests of good corporate governance and best practise principles, it has approved the introduction of a combined Audit/Risk Committee to manage and report on the effectiveness of risk management.

Principle 8 – Remunerate fairly and responsibly

8.1 The Company does not have a Remuneration Committee.

The Board is responsible for determining and reviewing compensation arrangements. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Company is of sufficient size a separate Remuneration Committee will be formed.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating directors fairly and appropriately with reference to relevant market conditions.

The Board conducts its performance review on an annual basis, or sooner if required. The small size of



the Company and hands on management style requires an increased level of interaction between directors and executives throughout the period. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Company.

1.3 Audit Process

As part of the Company's commitment to safeguarding integrity in financial reporting, GB Energy's accounts are subject to annual audit by an independent professional auditor, who also reviews the half-yearly accounts.

The auditor will attend and be available to answer questions at the Company's annual general meetings.

1.4 Auditor Independence

The Company has implemented procedures to monitor the independence and competence of its external auditors. Details of the amounts paid for both work and non-audit services are set out in each annual report.

The Board requires that adequate handovers occur in the year prior to rotation of an audit partner, to ensure an efficient and effective audit under the new partner.

1.5 Board Charter

The Board of GB Energy has a charter that clearly establishes the relationship between the Board and management and describes its functions and responsibilities. The Board Charter has been placed on this website.

1.6 Audit and Compliance Committee

The Board of GB Energy has established an Audit/Risk and Compliance Committee, the charter of which has been placed on this website.

1.7 Share Trading Policy

The Company's Share Trading Policy has been placed on this website.

1.8 Continuous Disclosure

The Company understands and respects the fact that timely disclosure of price-sensitive information is central to the efficient operation of the ASX and to the prevention of selective or inadvertent disclosure, the conduct of investor and analysts' briefings, media communications, commenting on expected earnings, communications black-out periods and reviews of briefings and communications. The policy is reviewed periodically and updated as required.

The Company Secretary is responsible for overseeing and coordinating disclosure of information to the ASX and liaises with the Chairman and Managing Director in relation to continuous disclosure matters. The Managing Director is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders.

The Company's Continuous Disclosure Policy may be viewed on this website.



1.9 Ethical Standards

All Directors, executives and employees of the Company are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Company's Code of Conduct has been placed on this website.

1.10 Communications with Shareholders

The Board of GB Energy aims to ensure that shareholders are kept informed of all major developments affecting the Company. Information is communicated to shareholders through the distribution of annual reports and presentations to shareholders at the annual general meeting, which they are encouraged to attend. The Company's Communications Policy has been placed on this website.

In addition, all reports, including quarterly reports and releases made by the Company throughout the year with respect to its activities, are distributed widely via the ASX and are posted on this website.

2. Board Charter

1. Role of the Board

The Board's key objectives are to:

- a. increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders; and
- b. ensure the Company is properly managed.

2. Responsibility of the Board

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

- a. supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed, which includes but is not limited to (a) to (j);
- b. ensuring the Company is properly managed, for example by:
 - i. appointing and, where appropriate, removing the managing director of the Company;
 - ii. ratifying the appointment and, where appropriate, the removal of the chief financial officer and the company secretary;
 - iii. input into and final approval of management's development of corporate strategy and performance objectives;
 - iv. reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance; and
 - v. monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- c. approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- d. approving the annual budget;
- e. monitoring the financial performance of the Company;
- f. approving and monitoring financial and other reporting;
- g. providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- h. appointing the external auditor (where applicable, based on recommendations of the Audit/Risk 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;
- i. liaising with the Company's external auditors and Audit/Risk Committee and
- j. monitoring and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. The Board meets approximately once every two months.

The Board may not delegate its overall responsibility for the matters listed above however, it may delegate related day-to-day activities provided those matters do not exceed the Materiality Threshold as defined below.

3. **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 10% of pro-forma net assets.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 10% 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;
- 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:

- h. they are outside the ordinary course of business;
- i. they contain exceptionally onerous provisions in the opinion of the Board;
- j. they impact on income or distribution in excess of the quantitative tests;
- k. there is a likelihood that either party will default, and the default may trigger any of the quantitative tests;
- l. 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;
- m. they contain or trigger change of control provisions;
- n. they are between or for the benefit of related parties; or
- o. they otherwise trigger the quantitative tests.

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

4. **The Chairperson**

The chairperson 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 chairperson is also responsible arranging Board performance evaluation.

5. Independent Directors

It is a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the required skills and experience required, in the context of the Company's operations and activities from time to time. In determining whether or not the directors are independent, the Board applies the criteria as set out in the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

Consistent with the size of the Company and its activities, the Board was comprised of three directors, one of whom was considered to be an executive director. A new Managing Director was appointed on 9 July 2009, taking the number of directors to four. The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to this policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

6. The Managing Director

The managing director 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 his/her responsibilities the managing director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

3. Audit/Risk Committee Charter

1. Composition of the Audit/Risk Committee

The Company has formed an Audit and Risk Management Committee however its structure does not comply with the structure set out in Recommendation 4.2. GB Energy is not able to comply with the recommended committee structure as the Company does not currently have a majority of independent directors. The function of the Audit and Risk Management Committee will be undertaken in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Company is of sufficient size, the structure of the Audit and Risk Management Committee will comply.

2. Role of the Committee

The role of the Committee is to:

- a. monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- b. review the Company's internal financial control system;
- c. monitor and review the effectiveness of the Company's internal audit function (if any);
- d. monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- e. perform such other functions as assigned by law, the Company's constitution, or the Board;
- f. the Committee, on behalf of the Board, reviews the effectiveness of the company's risk management systems, including without limitation, reviewing and updating the company's risk profile;
- g. at least annually the Audit and Risk Committee will review the implementation of the company's risk management policy and reassess the risk management framework;
- h. the implementation of the risk management systems and the management of risks within GB Energy on a day-to-day basis, are the responsibility of the Managing Director, with the assistance of the company secretary;
- i. having identified and prioritised a particular risk in the business, it is management's responsibility to assess the risk, and where necessary, take appropriate action to eliminate, mitigate or transfer the risk, to the extent possible in the most cost effective way, such that the risk is reduced to a level which is acceptable within this Policy. The identification and management of such risks will be incorporated into GB Energy' business and project plans, including assessment of opportunities;
- j. it is the responsibility of all GB Energy employees and contractors to ensure the company complies as appropriate with its legal, regulatory, contractual and compliance obligations, and to take appropriate action as required to manage, monitor and report on risks;
- k. when necessary, GB Energy will engage independent specialists to assist it to implement and monitor appropriate risk management practices within the business.

3. Operations

The committee meets at least quarterly, with further meetings on an as required basis;

Minutes of all meetings of the committee are to be kept and a report made at each subsequent meeting of the Board.



Committee meetings will be governed by the same rules as set out in the Company constitution and applied to the meetings of the Board.

Relevant members of management and the external auditor may be invited to attend meetings.

The committee may meet with the external auditor when appropriate.

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 will have the power to conduct or authorize investigations into any matters within the committee's scope of responsibilities.

The committee will have the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

5. Reporting to the Shareholders

The directors' reports are to contain a separate section that describes the role of the committee and what action it has taken.

The chairperson of the audit committee is to be present at the annual general meeting to answer questions, through the chairperson of the Board.

6. Responsibilities

Annual responsibilities of the committee are as set out in the Committee Action Points.

Committee Charter – Annual Action Points

Financial Reporting and Internal Controls

- Review half-year and annual financial statements
- Consider management's selection of accounting policies and principles
- Consider the external annual audit and the half-yearly audit review of the financial statements
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised)

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 Engagement

- Establish/review criteria for the selection, appointment and rotation of external auditor
- Recommend to the Board to appoint and replace 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
- Ensure that the external auditor is requested to attend the AGM of the Company and is available to answer questions from shareholders

Risk Management

- Regularly review the Company Risk Tolerance questionnaire and Company Risk Profile
- Review Risk Management Policy at least annually
- Review Board Charters and role descriptions to ensure accountability for risk is included
- Review material business risks, and risk register at least quarterly
- Allocate risk owners to critical risks
- Prepare individual Risk Reports
- Prepare CEO/CFO certification as per Recommendation 7.3 of the ASX Principles
- Report to Board a summary of the annual risk management effort.
- Prepare annual report disclosure with respect to Recommendation 7.4 of the ASX Principles

Internal Communications and Reporting

- Provide an annual report that includes the committee's review and discussion of matters with management and the external auditor
- 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
- Report to the Board any changes to the Risk Register and Company Risk Profile
- Board to note annual CEO and CFO certification
- Board to note summary of annual risk management effort.

Other

- Verify the membership of the committee is in accordance with the Audit/Risk Committee Charter
- Review and update the Audit /Risk Committee Charter and Action Points as required
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls and auditing matters

4. Remuneration Committee Charter

1. Composition

The Remuneration Committee shall comprise the full Board.

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 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. Executive Remuneration and Incentive Policies

The committee is to make decisions with respect to appropriate remuneration and incentive policies for executive directors and senior executives which:

- i. motivates executive directors and senior executives to pursue long term growth and success of the Company within an appropriate control framework;
- ii. demonstrates a clear correlation between key performance and remuneration; and
- iii. aligns the interests of key leadership with the long-term interests of the Company's shareholders.

b. Executive Remuneration Packages

The committee is to ensure that:

- i. executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives;
- ii. a proportion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances; and
- iii. recommendations are made to the Board with respect to the quantum of bonuses to be paid to executives.

c. Non-Executive Directors

The committee is to ensure that:

- i. 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;
- ii. non-executive directors are remunerated by way of fees (in the form of cash and /or superannuation benefits);
- iii. non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- iv. 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.

To the extent that the Company adopts a different remuneration structure for its non-executive directors, the committee shall document its reasons for the purpose of disclosure to stakeholders.

d. 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. Except as otherwise delegated by the Board, the committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans; and
- ii. ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and
- iii. continually review and if necessary improve any existing benefit programs established for employees.

5. Code of Conduct

Introduction

- 1 This Code of Conduct sets out the standards which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, the Company's shareholders and the broader community.

Responsibilities to shareholders

- 2 The Company aims:
 - 2.1 to increase shareholder value within an appropriate framework which safeguards the rights and interests of shareholders; and
 - 2.2 to comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

Responsibilities to clients, employees, suppliers, creditors, customers and consumers

- 3 The Company will comply with all legislative and common law requirements which affect its business.

Employment practices

- 4 The Company will employ the best available staff with skills required to carry out the role for which they are employed. The Company will ensure a safe workplace and maintain proper occupational health and safety practices.

Responsibility to the community

- 5 The Company will recognise, consider and respect environmental, native title and cultural heritage issues which arise in relation to the Company's activities and comply with all applicable legal requirements.

Responsibility to the individual

- 6 The Company recognises and respects the rights of individuals and will comply with the applicable laws regarding privacy and confidential information.

Obligations relative to fair trading and dealing

- 7 The Company will deal with others in a way that is fair and will not engage in deceptive practices.



Business courtesies, bribes, facilitation payments, inducements and commissions

- 8 Corrupt practices are unacceptable to the Company. It is prohibited for the Company or its directors, managers or employees to directly or indirectly offer, pay, solicit or accept bribes or any other corrupt arrangements.

Conflicts of interest

- 9 The Board, management and employees must report any situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. Where a real or apparent conflict of interest arises, the matter must be brought to the attention of the Chairperson in the case of a Board member, the Managing Director (or equivalent) in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner.

Compliance with the Code of Conduct

- 10 Any breach of compliance with this Code of Conduct is to be reported directly to the Chairperson.

Periodic review of Code

- 11 The Company will monitor compliance with this Code of Conduct periodically by liaising with the Board, management and staff. Suggestions for improvements or amendments to this Code of Conduct can be made at any time to the Chairperson.

6. Trading in Company securities

Introduction

- 1 The Company recognises and enforces legal and ethical restrictions on trading in its securities by relevant persons within and external to the Company. The terms of this securities dealing policy apply to the Company's directors, senior executives, employees and consultants (Relevant Persons).

Communication

- 2 This policy will be communicated to all Relevant Persons and will be placed on the Company website.

Trading Restrictions

- 3 Trading by Relevant Persons in the Company's securities is subject to the following limitations:
 - 3.1 No trading in Company securities shall take place during the five (5) business days preceding release of each quarterly report, half-yearly financial report, and annual financial report of the Company or for a period of one (1) business day after the release of such report.
 - 3.2 No trading in the Company's securities shall take place directly or indirectly where it is known, or ought reasonably to have been known by the person intending to trade, that information exists that has not been released to the ASX and where that information is of a type that reasonably could be expected to encourage buying or selling were that information known by others, or for a period of one (1) business day after the release of such information.
 - 3.3 No trading shall take place in Company securities unless prior notice is given to the Chairperson and approval is obtained from the Chairperson.

Hardship

- 4 During a period specified in paragraph 3.1, Relevant Persons may, after obtaining the Chairperson's consent, trade the Company's securities to the extent reasonably necessary to avoid or ameliorate documented hardship and suffering or as required by other extenuating circumstances.

Directors' trading and disclosures

- 5 Within 3 business days of a director being appointed to the Board, resigning or being removed from the Board, or trading in the Company's securities, full details of the director's notifiable interests in the Company's securities and changes in such interest must be advised



to the Company Secretary so that a record is kept within the Company and so that necessary ASX notifications will occur.

- 6 All directors must notify the Company Secretary of any margin loan or similar funding arrangement entered into in relation to the Company's securities and any variations to such arrangements, including the number of securities involved, the circumstances in which the lender can make margin calls, and the right of the lender to dispose of securities.

7. Continuous Disclosure Policy

Disclosure Requirements

- 1 The Company recognises its duties pursuant to the continuous disclosure rules of the ASX Listing Rules and Corporations Act to keep the market fully informed of information which may have a material affect on the price or value of the Company's securities.
- 2 Subject to certain exceptions (in ASX Listing Rule 3.1A), the Company is required to immediately release to the market information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Responsibilities of directors officers and employees

- 3 The Board as a whole is primarily responsible for ensuring that the Company complies with its disclosure obligations and for deciding what information will be disclosed. Subject to delegation, the Board is also responsible for authorising all ASX announcements and responses of the Company to ASX queries.
- 4 Every director, officer and employee of the Company is to be informed of the requirements of this policy and must advise the Managing Director, (or equivalent), Chairperson or Company Secretary as soon as possible (and prior to disclosure to anyone else) of matters which they believe may be required to be disclosed.

Authorised Disclosure Officer

- 5 The Board has delegated its primary responsibilities to communicate with ASX to the following Authorised Disclosure Officer:
 - 5.1 Company Secretary or
 - 5.2 in the absence of the Company Secretary, the Managing Director or a designated Executive Director who is authorised to act in that capacity by the Board.

Responsibilities of Authorised Disclosure Officer

- 6 Subject to Board intervention on a particular matter, the Authorised Disclosure Officer is responsible for the following:
 - 6.1 monitoring information required to be disclosed to ASX and coordinating the Company's compliance with its disclosure obligations;
 - 6.2 ASX communication on behalf of the Company, authorising Company announcements and lodging documents with ASX;
 - 6.3 requesting a trading halt in order to prevent or correct a false market;
 - 6.4 providing education on these disclosure policies to the Company's directors, officers and employees; and

- 6.5 ensuring there are vetting and authorisation processes designed to ensure that Company announcements:
- 6.5.1 are made in a timely manner;
 - 6.5.2 are factual;
 - 6.5.3 do not omit material information;
 - 6.5.4 are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
- 7 An Authorised Disclosure Officer must be available to communicate with the ASX at all reasonable times, and are responsible for providing contact details and other information to ASX to ensure such availability.

Measures to avoid a false market

- 8 In the event that ASX requests information from the Company in order to correct or prevent a false market in the Company's securities, the Company will comply with that request. The extent of information to be provided by the Company will depend on the circumstances of the ASX request.
- 9 If the Company is unable to give sufficient information to the ASX to correct or prevent a false market, the Company will request a trading halt.
- 10 If the full Board is available to consider the decision of whether to call a trading halt, only they may authorise it, but otherwise, the Authorised Disclosure Officer may do so.

ASX Announcements

- 11 Company announcements of price sensitive information are subjected to the following vetting and authorisation process to ensure their clarity, timely release, factual accuracy and inclusion of all material information:
- 11.1 The Authorised Disclosure Officer must prepare ASX announcements when required to fulfil the Company's disclosure obligations.
 - 11.2 Proposed announcements must be approved by the Chairman or in their absence, urgent announcements may be approved by the Managing Director or other person expressly authorised by the Board.
 - 11.3 Announcements must first be released to the ASX Announcements Platform before being disclosed to any other private or public party (such as the media). After release of the announcement, it must be displayed on the Company's website, following which the Company can then release such information to media and other information outlets.

- 11.4 Wherever practical, all announcements must be provided to the directors, Managing Director (or equivalent) and Company Secretary prior to release to the market for approval and comment.

Confidentiality and unauthorised disclosure

- 12 The Company must safeguard the confidentiality of information which a reasonable person would expect to have a material effect on the price or value of the Company's securities. If such information is inadvertently disclosed, the Authorised Disclosure Officer must be informed of the same and must refer it to the Chairperson and Managing Director (or equivalent) as soon as possible.

External communications and Media Relations

- 13 The Chairperson and Managing Director (or equivalent) are authorised to communicate on behalf of the Company with the media, government and regulatory authorities, stock brokers, analysts and other interested parties or the public at large. No other person may do so unless specifically authorised by the Chairperson, Managing Director (or equivalent).
- 14 All requests for information from the Company must be referred to the Authorised Disclosure Officer for provision to the Chairperson and Managing Director (or equivalent).

Breach of Disclosure Policy

- 15 Serious breaches of this disclosure policy may be treated with disciplinary action, including dismissal, at the discretion of the Board.
- 16 Where the breach is alleged against a member of the Board, that director will be excluded from the Board's consideration of the breach and any disciplinary action for the Company to take.



8. Risk Management Policy

Purpose

As a company engaged in renewable energy and exploration, risk is an intrinsic part of the nature of GB Energy operations. The management of risk within the company is recognised as a critical part of its business operations. It underpins reliable financial reporting, compliance with relevant legal and regulatory obligations, efficient and effective business operations and safe and environmentally responsive activities.

GB Energy has developed a framework for a risk management policy and internal compliance and control system that covers the organisational, financial and operational aspects of the Company's affairs. The Audit/Risk Committee is responsible for ensuring the maintenance of, and compliance with, appropriate systems and reporting to the Board on a regular basis.

Scope

This Policy sets out the broad principles, responsibilities and practices that will be used to manage GB Energy risk exposures and the various risk management systems and internal controls operated by GB Energy to respond to those risks.

This Policy has important implications for all GB Energy personnel. If you do not understand the implications of this Policy or how it applies to you, you should raise the matter with the Managing Director or the Company Secretary.

Policy

Objectives

To ensure that GB Energy has a culture and practices in place to encourage the identification, assessment and management of risks that may affect GB Energy's ability to achieve its business objectives.

To ensure that in managing risk, GB Energy complies with all relevant laws, regulations and contractual obligations, and that appropriate recognition is given to GB Energy's social and community obligations.

To ensure that GB Energy has in place a structured and effective approach to risk management.

To ensure that its risk management program is appropriate for GB Energy, taking account of the business environment that GB Energy operates in and the company's assessed tolerance to risk.

To ensure that effective monitoring and regular reporting of risk under the risk management program is conducted.



Procedure

Risk Strategy and tolerance

GB Energy has a high tolerance for taking risks by virtue of the nature of its business objectives and strategy. Management acknowledges that it is therefore important to incorporate risk management into strategic planning and business decision making, in order that we prioritise material business risks.

Roles and Responsibilities

The Board of GB Energy is ultimately responsible for overseeing the establishment and implementation of effective risk management systems and the monitoring of internal controls and compliance.

GB Energy's Audit and Risk Committee, on behalf of the Board, reviews the effectiveness of the company's risk management systems, including without limitation, reviewing and updating the company's risk profile,

At least annually the Audit and Risk Committee will review the implementation of the company's risk management policy and reassess the risk management framework.

The implementation of the risk management systems and the management of risks within GB Energy on a day-to-day basis, are the responsibility of the Managing Director, with the assistance of senior management.

Having identified and prioritised a particular risk in the business, it is management's responsibility to assess the risk, and where necessary, take appropriate action to eliminate, mitigate or transfer the risk, to the extent possible in the most cost effective way, such that the risk is reduced to a level which is acceptable within this Policy. The identification and management of such risks will be incorporated into GB Energy's business and project plans, including assessment of opportunities.

It is the responsibility of all GB Energy's employees and contractors to ensure the company complies as appropriate with its legal, regulatory, contractual and compliance obligations, and to take appropriate action as required to manage, monitor and report on risks.

When necessary, GB Energy will engage independent specialists to assist it to implement and monitor appropriate risk management practices within the business.

Risk Management Framework

A sound framework of risk oversight, risk management and internal controls is fundamental to GB Energy's commitment to good corporate governance.



GB Energy' strategic and business plans are formulated in the context of the key risk exposures identified by the company and the requirements to effectively manage those risks as part of the company's operations.

To manage the risk exposures faced by GB Energy, the Board recognises the need to identify areas of significant business risk and to develop and implement strategies to investigate these risks, as a basis of implementing a formal system of risk management and internal control and compliance.

This Policy requires GB Energy to undertake a formal risk assessment review and to routinely monitor and reassess material risk exposures within the company.

Risk Management Practices

GB Energy maintains a number of policies and procedures which are designed to manage specific business risks. These include:

- Audit and Risk Committee Charter
- Disclosure Policy
- Securities Trading Policy
- Code of Conduct
- Corporate Governance Statement
- Regular Reporting to the Board
- Delegations of Authority
- Procedures to define and manage environmental, health and safety matters
- Board Meetings every 2 months
- Weekly cash flow reports and monthly management accounts are prepared and circulated to the Directors for review and consideration.
- The Board must approve all major project expenditure.
- Intellectual property (IP) and intellectual capital (IC) policies of the Company reviewed regularly by the Board.
- GB Energy maintains appropriate insurance cover. This includes cover in respect of workers' compensation, public liability, travel and property insurance.
- The Company may obtain cover for Directors' and officers' liability, to the extent permitted by the Corporations Act 2001.



- GB Energy implements appropriate off-site data back-up of its financial and other electronic information.

GB Energy has undertaken a strategic risk assessment to formally identify, collate and prioritise its key business risks, and will review this at least annually.

GB Energy has implemented and maintains a key business risk register.

The Managing Director and the Chief Financial Officer are required to report to the Board annually as to the effectiveness of the company's management of its key business risks.

The Managing Director and the Chief Financial Officer are required to state in writing to the Board that the GB Energy financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

Risk Profile

Exploration Risk

The exploration and development of natural resource projects is a speculative activity that involves a high degree of financial risk. There is no assurance that any discovered mineralisation will result in an increase in the reserves or resources of the Company. Resource estimates are not precise, being based on knowledge, experience and industry practice. They may change significantly when new information becomes available. Also, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. The Company's projects contain resources which have yet to be adequately tested to prove economic viability. Title Rights and License Conditions are subject to the Company's maintenance of certain conditions and regulatory consents

Environmental Risk

The Company's operations are subject to Australian, State and Federal laws and regulations, as well as overseas jurisdictions, regarding environmental and health and safety. These could impose significant costs and burdens both in terms of compliance and potential penalties, liabilities and remediation. Breach of any environmental obligations could result in penalties and civil liabilities and/or suspension of operations, any of which could adversely affect the Company. The Company intends to conduct all of its activities in a manner that is environmentally responsible and in accordance with all relevant laws.

General Economic Conditions

Market conditions, particularly those affecting mining and technology companies, may affect the ultimate value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside its control, including, natural disasters, terrorist attacks and political unrest and/or government legislation or policy. Market perception of technology and exploration companies may change which could impact on the value of investors' holdings and impact



on the ability of the Company to raise further funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining financing.

Foreign Exchange Risk

The Company's business undertakings in Slovakia are primarily denominated in Euro dollars. To comply with Australian reporting requirements, transactions need to be accounted for in Australian dollars and therefore the Company is exposed to fluctuations in the rate of exchange between Euro dollar and the Australian dollar.

Requirement of Additional Financing

Further funds may be required to develop the Company's projects. Failure to obtain sufficient financing for the projects and any future projects may result in a delay or indefinite postponement of exploration and development on the Company's properties and assets or even a loss of a property interest. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company.

Litigation Risk

Legal proceedings may arise from time to time in the course of the Company's business.

Legal Risk

The possibility exists that new legislation or regulations in any relevant jurisdiction may be adopted in the future that may materially adversely affect the Company's operations or its cost structure.

Potential acquisitions and new technologies

The Company's strategy of moving into the renewable energy and clean technology sector introduces risk. The relative immaturity of the sector and its rapidly evolving nature make it a highly speculative investment from a Company perspective. The Board as a consequence recognise and acknowledge that risk must be considered when assessing potential new acquisitions and investments.



9. Shareholder Communication Strategy

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. All shareholders can access the Company's annual report from the company website, and may also request copies of the Company's half-yearly and quarterly reports. The Company also encourages full participation of shareholders at the annual general meeting of the Company.

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

- company announcements ;
- information briefings to media & analysts ;
- notices of meetings and explanatory materials;
- financial information; and
- annual reports .

Shareholders are able to subscribe to GB Energy updates on the company website and will be notified of market relevant company announcements.