



BOARD CODE OF CONDUCT

1. INTRODUCTION

Directors are expected to acquaint themselves with obligations imposed on them and Territory Resources Limited (“**Territory**”) by relevant legislation, particularly the Corporations Act and the ASX Listing Rules.

The most important obligations under legislation are summarised below:

- Directors will act honestly and exercise reasonable care and diligence at all times in the performance of their functions.
- A Director or former Director will not make improper use of information acquired by virtue of that position.
- A Director will not make improper use of position to gain a direct or indirect advantage for self or any other person.
- Directors have a fiduciary duty to Territory and a duty to act with loyalty, for a proper purpose and in good faith in the best interests of Territory. Should a conflict of interest arise, the Director’s primary duty is to the Company as a whole and the Director must not allow personal interests, or the interests of another organisation, to interfere with the interests of Territory.

2. PERSONAL BEHAVIOUR

The standards of personal behaviour applicable to Board members are summarised below:

- Directors will acquire a clear understanding of the role and purpose of the Board, including the statutory and regulatory requirements. They will develop an understanding of Territory’s business and the environment in which it operates, and stay informed of all relevant activities affecting the Board and Territory as a whole.
- Directors will strive to attend all Board and relevant committee meetings and other scheduled activities. Where attendance is not possible, Directors will tender an apology.
- Directors will treat each other with professionalism, courtesy and respect. They will work cooperatively with fellow members towards agreed goals, whilst accepting the obligation to be independent in judgement and actions and to take all steps to be satisfied as to the soundness of all decisions taken by the Board. Directors will not attempt to improperly influence other Board members.
- All Directors will strive to achieve consensus within the Board, but if the final position reached is a majority decision, that will be the decision of the Board. A dissenting Director may have his/her vote and/or a minority view recorded in the minutes.
- Directors who communicate publicly (through lectures or papers) material related to Territory’s affairs will in general convey views agreed by the Board. If material beyond this is made public, it should be clearly identified as the views of the individual. Any views attributed publicly to the Board or Territory should be cleared in advance – preferably with the full Board, but at least with the Chairman.
- Directors should not engage in conduct likely to bring discredit upon Territory.
- Directors have an obligation at all times to comply with the spirit, as well as the letter of the law and with the principles of this Code.





3. CONFLICT OF INTEREST

Most Directors have other responsibilities or interests, which may from time to time interact with the interests of Territory. This may create a situation of divided loyalties, or of temporary conflict of interest. (Selection processes for Board appointees should seek to avoid any ongoing and significant conflicts of interest).

The Board aspires to high standards of corporate governance, and applies rigorous procedures to deal with actual or potential conflict situations. These rely on the total acceptance by Directors of the obligation to declare interests, and to isolate themselves from any activity in which they may have a conflict.

The procedures may be summarised as follows:

- Directors will advise the Company Secretary promptly of any changes to relevant interests such as directorships, partnerships and holdings in relevant securities. The Company Secretary will inform all Board members, normally at the next meeting, but more urgently if appropriate to the circumstances.
- If a situation of an actual or potential conflict should arise, the Director concerned will immediately discuss the matter with the Chairman. In borderline cases or if the Chairman is in potential conflict, the discussion will immediately be broadened to include all other Directors. The Director concerned will withdraw if requested while the Board discusses the potential conflict. Directors will in any event comply with the “material personal interest” provisions of the Corporations Act.
- If it is decided that a conflict does exist, depending on its assessed significance the Director involved will be requested to take one of the following courses of action (in order of increasing significance):
 - refraining from voting on a relevant matter during a Board meeting;
 - withdrawing from discussion of relevant matter(s) during a Board meeting;
 - accepting that relevant Board papers and minutes will not be made available;
 - taking leave of absence from the Board for a period; and
 - resigning from the Board.
- In the particular case where the other members of the Board may decide that a Director or a related party may properly supply goods or services on commercially acceptable terms to Territory, details will be provided in the annual Directors' Report and Notes to the Financial Statements.
- Family interests will be included in consideration of the matters above.

In addition, the Board has adopted a policy relating specifically to transactions with director-related entities.

4. REMUNERATION, EXPENSES AND OTHER BENEFITS

Remuneration of Non-executive Directors is from Territory's funds and is determined by the Directors in agreement, subject to the cap contained in the Constitution of Territory or as otherwise approved by the shareholders in general meeting. Apart from related compulsory superannuation payments the Non-executive Directors currently receive no other regular payments or allowances. The Managing Director receives no remuneration as a Director separate from his emoluments as an executive.





Procedures in this area are summarised below:

- Unless approved by shareholders, Directors will not receive benefits of any kind other than remuneration permitted in accordance with the Constitution and compulsory superannuation contributions.
- Extra Exertion Allowances may be provided to Directors undertaking exceptional additional workloads in relation to the growth strategy of Territory Limited. Where an allowance is approved by the Board, the amount will be linked to a notional charge rate, such as an hourly rate, and appropriately reward and recognise effort.
- Directors will be reimbursed for out of pocket expenses properly incurred in relation to official business. Such expenditure should be submitted to the Company Secretary with appropriate documentary evidence of the expense. Territory may make appropriate arrangements for Directors for travel etc at its expense.
- Significant expenditure should be approved in advance by the Chairman.
- Non-executive Directors may be provided by Territory with corporate credit cards and communications equipment as required, which remain the property of Territory.
- Any equipment made available to Directors must be properly operated and maintained, and securely stored. It remains the property of Territory, and on expiry of the Director's appointment will be returned or purchased on commercial terms.
- Directors will not receive or extend gratuities or other monetary rewards or receive gifts or entertainment which would cause embarrassment if publicly disclosed.

Expense reimbursements of the Chairman shall be reported to the Board at the next Board Meeting.

5. CONFIDENTIALITY, INFORMATION AND RECORDS

The Company Secretary takes prime responsibility for proper recording of Board proceedings and related matters. However, Directors receive a large amount of information in various forms as a result of their Board roles, and accept responsibility for careful and secure stewardship, particularly in relation to confidential material.

Discretion is exercised in regard to information handled via facsimile or other electronic transmission devices, to ensure that this is not inadvertently made available to unauthorised parties.

Former Directors have rights to obtain access to Board records after their terms of appointment have concluded, which may be exercised by contact with the Company Secretary, in accordance with the Corporations Act and any relevant Deed of Access.

The obligations and procedures may be summarised as follows:

- Directors will cooperate fully with the Company Secretary in regard to Board records and information. Any such records retained by Board members will be stored with appropriate security. Material not required for retention will be passed to the Company Secretary or his secretary for disposal or shredding.
- Directors acknowledge that confidential information received in the course of exercise of Board duties remains the property of the originating organisation, whether this is Territory or another entity. It will not be disclosed unless either the originator has so authorised, or disclosure is required by law.
- Directors will generally exercise discretion in regard to all Board information, which is not in the public domain.





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6. CODE OF CONDUCT

Directors will also adhere to the Territory Code of Conduct contained in the Human Resources Policies and Procedures Manual.

Adopted: 19 September 2008

Reviewed: 23 October 2009



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BOARD POLICY ON TRANSACTIONS WITH DIRECTOR-RELATED ENTITIES & RELATED PARTIES

1. INTRODUCTION

The purpose of this policy is to specify the circumstances in which it is deemed appropriate for Management to contract the services of a Director-Related Entity or a Related Party.

This policy is in addition to the obligations of Directors as outlined in the Board Code of Conduct.

2. POLICY

Territory Resources Limited (“**Territory**”), which includes its subsidiaries, is only to enter into a contract or transaction with a Director-Related Entity, or a Related Party, in the following circumstances:

- (a) where it is believed that the Director-Related Entity, or Related Party, is the best equipped to undertake the work after taking into account:
 - experience;
 - expertise;
 - knowledge of Territory;
 - value for money; and
- (b) where any proposed transaction is at arm’s length and on normal commercial terms.

Any Director with such a relationship should not participate in the decision-making or the negotiation of the contractual terms.

3. APPROVAL

Director-Related Entity

Prior to agreeing to any transaction with a director-related entity, Management must document how the transaction complies with the policy in paragraph 2 above.

After approval of such a transaction, Management must report all such transactions to the next Board meeting.

Related Party

If a transaction contemplated under this policy is with a ‘Related Party’ as defined under the Corporations Act and the ASX Listing Rules, and it cannot be demonstrated that the Related Party transaction falls within an exception to the related party provisions in the Corporations Act and/or the ASX Listing Rules, then the transaction will require prior approval of the Board and it will be necessary to seek the approval of shareholders.

If in doubt, Directors and Management should refer the matter to the Chairman and or Company Secretary to determine whether this section applies.

