

ZAMBEZI RESOURCES LTD

COMPLIANCE PROCEDURES FOR
ASX LISTING RULE DISCLOSURE REQUIREMENTS

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COMPLIANCE PROCEDURES

PART A – OVERVIEW OF THE COMPLIANCE PROCEDURES

Statement of the Company's Continuous Disclosure Obligations

The Company must ensure that once it becomes *aware*¹ of any information concerning it that a *reasonable person*² would expect to have a material effect on the price or value of its securities, the Company must immediately advise ASX of that information.

The Company acknowledges that it is not required to disclose information to ASX if any of the following applies:

1. a reasonable person would not expect the information to be disclosed;
2. the information is confidential; and
3. one of the following applies:
 - (a) it would be a breach of a law to disclose the information;
 - (b) the information concerns an incomplete proposal or negotiation;
 - (c) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (d) the information is generated for the internal management purposes of the Company; or
 - (e) the information is a trade secret.

Objective of the Compliance Procedures

The key objectives of the Compliance Procedures are to:

1. prevent, and where necessary, identify and respond to, breaches of Listing Rule 3.1 and section 674 of the Corporations Act by the Company;
2. prevent personal liability being incurred by any person involved in a breach under paragraph (a), in accordance with the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 ("**Clerp 9**");
3. prevent a penalty being incurred under an ASIC "infringement notice" for a breach under paragraph (a), in accordance with the provisions of Clerp 9;

¹ The Company will be taken to be aware of information if a Director, or executive officer has or ought reasonably to have, comes into possession of the information in the course of their duties as a Director or executive officer of the Company.

² A reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell the securities.

4. ensure that proper records are maintained in order to establish a due diligence defence in the event that a breach under paragraph (a) occurs; and
5. promote a culture of compliance with Listing Rule 3.1 and section 674 of the Corporations Act within the Company.

Scope of Compliance Procedures

The Compliance Procedures set out measures that the Company will apply to ensure that it complies with its duties under Listing Rule 3.1 and section 674 of the Corporations Act and achieves the objectives set out above.

These Compliance Procedures:

1. identify the specific obligations of the Company;
2. establish measures designed to address compliance with these obligations; and
3. provide some guidance on the actions required to comply with these measures.

Required Action Where Non-Compliance

In the event of a breach of any of the provisions in the Compliance Procedures, the person who becomes aware of the breach must immediately notify the Responsible Officer of such breach. The Responsible Officer must then take such steps as are required to remedy the breach as soon as possible (including making an appropriate announcement to the market through the ASX and notifying the Board).

PART B: THE COMPLIANCE PROCEDURES - RESPONSIBLE OFFICER APPOINTMENT AND DUTIES

Objective/Obligation	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
<p>1. The Company to appoint a company officer (who is appropriately skilled and experienced) to be primarily responsible for ensuring the Company complies with the continuous disclosure obligations of the Company ("Responsible Officer").</p>	(a) The Board must consider and resolve at a Board meeting to appoint a Responsible Officer to be responsible for ensuring the Company complies with the continuous disclosure obligations of the Company. The Board to also resolve to appoint an alternative person to act in the place of the Responsible Officer in his/her absence.	The Directors to call a Board meeting to appoint the Responsible Officer (as named in the Glossary to the Compliance Procedures).	
	(b) The Responsible Officer is to have control and overall conduct of the Compliance Procedures.		
	(c) The Responsible Officer is to be provided with support from the Board and administrative staff to assist him/her with the role.		
	(d) The Responsible Officer must maintain an up to date copy of the Corporations Act and the Listing Rules and be familiar with the requirements in relation to continuous disclosure obligations.	Ensure updates for the Corporations Act and the Listing Rules are reviewed by the Responsible Officer and filed in a timely manner.	
	(e) After each monthly Board meeting, the Responsible Officer must check compliance with the Compliance Procedures.	The Company Secretary to ensure that a discussion of the Company's continuous disclosure obligations to be a standing item for each monthly Directors meeting.	
<p>2. The Company to ensure the Responsible Officer is made aware of all potential Disclosure Material, immediately after the information comes into existence.</p>	(a) Any potential Disclosure Material identified or discovered by a Director must be brought to the attention of the Responsible Officer immediately. The Responsible Officer can then assess whether it needs to be disclosed to the market through the ASX.		
	(b) Any potential Disclosure Material identified or discovered by any of the Company's employees and agents (other than Directors) must be immediately brought to the attention of the Responsible Officer.	The Responsible Officer must educate staff to notify the Responsible Officer of any potential Disclosure Material.	
	(c) The Responsible Officer is entitled to request and receive any information, reports, resources and accounting records which are relevant for the bona fide purposes of fulfilling his/her responsibilities.	The Directors are to pass a resolution authorising the Responsible Officer to do the actions in paragraphs (d) and (e).	

Objective/Obligation	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
	(d) The Responsible Officer is entitled to have access to and consult: (i) the auditor of the Company's financial statements; and (ii) the legal and other professional advisers of the Company, for the bona fide purposes of fulfilling his/her responsibilities.		
	(e) Each month the Responsible Officer must review the Company's monthly operating report, monthly financial report and minutes of the Board for the purpose of identifying and dealing with any potential Disclosure Material not otherwise brought to his/her attention for specific review.	The Responsible Officer to keep a record of monthly reviews these documents.	

AREAS OF RISK

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
The Company is to identify areas of risk for which specific compliance procedures must be in place.	The following is a non-exhaustive list of the areas of risk identified by the Company for which specific compliance procedures must be in place: eg. (identify specific business risks)		

GUIDELINES FOR IDENTIFYING DISCLOSURE MATERIAL

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
The Company must be able to identify what circumstances can arise to create or generate Disclosure Material that will require disclosure to ASX pursuant to Listing Rule 3.1 and to that extent must set a non-exhaustive list of potential Disclosure Material to assist such identification.	(a) Information requiring disclosure The Responsible Officer to be aware of various situations which may create or generate Disclosure Material that requires disclosure pursuant to Listing Rule 3.1. The following is a non-exhaustive list of matters which, if material, will be required to be disclosed to ASX as Disclosure Material: (i) change in the Company's financial forecast or expectation; (ii) the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by it or any of its child entities; (iii) a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets (normally an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case); (iv) a change of control of the Company;		

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
	(v) a recommendation or declaration of a dividend or distribution;		
	(vi) a recommendation or decision that a dividend or distribution will not be declared;		
	(vii) under subscriptions or over subscriptions to an issue;		
	(viii) an agreement or option to acquire a substantial asset;		
	(ix) information about the beneficial ownership of shares obtained by the Company or under the Corporations Act;		
	(x) giving or receiving a notice of intention to make a takeover;		
	(xi) an agreement between the Company (or a Related Party or subsidiary) and a Director (or a Related Party of the Director);		
	(xii) the Company executes any formal contract for a material business venture;		
	(xiii) entry by the Company into a binding heads of agreement or memorandum of understanding;		
	(xiv) the amount shown in the accounts of the Company needs to be adjusted to cover bad loans; and		
	(xv) the Company enters into a confidential settlement of a claim involving the payment of damages.		
	Note: See Part A, paragraph 2(b) of these Corporate Governance Practices for circumstances in which the Company will be permitted to withhold disclosure.		
	(b) Specific Disclosures The Responsible Officer to be aware that, in addition to the general disclosure requirements, the Listing Rules require the Company to also make specific disclosures for:		
	(i) takeovers;		
	(ii) share buy-backs;		
	(iii) capital reorganisations;		
	(iv) calls on partly-paid shares;		
	(v) issues and proposed issues of securities;		
	(vi) the exercise by an underwriter of a right to avoid or change underwriting obligations;		
	(vii) shareholder meetings for the appointment of Directors;		
	(viii) results of shareholders' meetings; and		
	(ix) changes of Directors, CEOs and company secretary.		
	The Listing Rules require any proposed market release to first be given to the ASX for release to the market before it is provided to any other person, including the press.		

MONITOR SHARE PRICE MOVEMENTS

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
The Company shall monitor the share price movements of the Company to identify any unusual fluctuations which may signal a possible leakage of Disclosure Material not already disclosed to the market through the ASX.	The Responsible Officer shall appoint an appropriately qualified person to monitor the share price movements of the Company. This person should be instructed to immediately notify the Responsible Officer of any unusual fluctuations in the price of the Company's shares.	The Responsible Officer to appoint a person to be responsible for monitoring the share price movements of the Company (" Share Price Officer ") (as named in the Glossary to these Compliance Procedures).	

USE OF TRADING HALTS

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
The Company must have in place appropriate procedures to enable it to request from the ASX a trading halt, in the event any Disclosure Material cannot be released to the market immediately.	(a) The Responsible Officer must contact the home branch of the ASX to request a trading halt* upon the identification of Disclosure Material that cannot be released to the market immediately. <i>(*Length of trading halt – A trading halt can only be applied for a period not exceeding the commencement of normal trading on the second trading day following the day on which it is requested.)</i>	The Responsible Officer must keep an up to date copy of Listing Rule 17.1 and the related ASX Guidance Note, entitled "Trading Halts", in his/her file for ease of reference.	
	(b) The Responsible Officer, in requesting a trading halt, should provide the ASX with the information required by Listing Rule 17.1.		

DECISION MAKING PROCESS

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
<p>The Company must have a process for determining whether certain information brought to the attention of the Responsible Officer should be classified as Disclosure Material, which will require disclosure to ASX in accordance with Listing Rule 3.1.</p>	<p>(a) The Board will delegate to the Responsible Officer the responsibility of assessing and determining whether any information identified or discovered by him, or brought to his/her attention can be properly classified as Disclosure Material.</p>	<p>The Directors must pass a resolution authorising the Responsible Officer to assess and determine what matters should be considered Disclosure Material and to make the appropriate announcement to the market through the ASX.</p>	
	<p>(b) The Board will authorise the Responsible Officer to make the appropriate announcement to the market through the ASX as soon as reasonably practicable after the Responsible Officer determines that a matter should be classified as Disclosure Material.</p>		
	<p>(c) Any information brought to the attention of, identified or discovered by the Responsible Officer in his/her review of any documents of the Company, which he assesses to be Disclosure Material, must be disclosed to the ASX immediately and the matter brought to the attention of the Board as soon as possible.</p>	<p>The relevant files and minutes of the Responsible Officer and Board to be reviewed to assess compliance with the decision making process determined by these Compliance Procedures.</p>	
	<p>(d) The Directors must, at their monthly Board meetings, note all announcements made to the ASX since the last Board meeting and consider whether any other matters raised in the meeting will require disclosure to the ASX.</p>	<p>The company secretary to ensure that a discussion of the Company's continuous disclosure obligations to be a standing item for each monthly Board meeting.</p>	

RECORD KEEPING

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
The Company must have in place an appropriate procedure to ensure that the process for review of specific information and the decision whether or not to disclose that information is properly recorded.	(a) The Responsible Officer is to cause files to be kept and maintained which accurately records Disclosure Material and:	The Responsible Officer to establish and accurately maintain files which document these items. Minutes of Board meetings to address these matters.	Provided in Appendix A Provided in Appendix A
	(i) an up to date copy of Listing Rule 3.1 and the related ASX Guidance Note entitled "Continuous Disclosure – Listing Rule 3.1";		
	(ii) an up to date copy of Listing Rule 17.1 and the related ASX Guidance Note entitled "Trading Halts"; and		
	(iii) the statement of the Disclosure Material disclosed/announced to the market through the ASX.		
	(b) The Responsible Officer must report to the Board on the following matters:		
	(i) as soon as possible after identifying, discovering, receiving or being notified of any potential Disclosure Material;		
	(ii) monthly, on the conduct of the Compliance Procedures;		
	(iii) as soon as reasonably practicable, any material instance of non-compliance with the Compliance Plan; and		
(iv) any other specific matters as required by the Compliance Procedures.			

EDUCATE DIRECTORS AND STAFF (NEW AND EXISTING)

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
The Company must ensure that all officers and other employees or agents, who may from time to time be in the possession of potential Disclosure Material, understand the continuous disclosure obligations of the Company imposed by the Law and the Listing Rules and have those obligations drawn to their attention periodically.	(a) The Responsible Officer must provide each officer, employee or agent of the Company with a written memorandum setting out:	The Responsible Officer to circulate a written memorandum to all new and existing staff to acquaint them with the Company's policy on how to handle potential Disclosure Material.	
	(i) the Company's obligation to disclose Disclosure Material to ASX; and (ii) the procedure for staff to follow in the event they become aware of potential Disclosure Material (ie to notify the Responsible Officer immediately).		
	(b) The Responsible Officer must at least once a year, remind all officers, employees or agents of the Company, who may from time to time be in the possession of potential Disclosure Material, of their obligation to bring these matters to the attention of the Responsible Officer as soon as the information is identified or discovered.	The Responsible Officer to circulate an internal memorandum at least once per year to remind staff of their obligation to bring any potential Disclosure Material to his/her attention.	

CONFIDENTIALITY OBLIGATION

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
The Company must have in place procedures to ensure that information identified as Disclosure Material remains confidential until it is appropriately disclosed to ASX in accordance with its disclosure obligations under the Corporations Act and the Listing Rules.	(a) The Responsible Officer to ensure that non-disclosure or confidentiality agreements are entered into by the other parties to a material transaction and any other recipients of any confidential information in relation to a material transaction.	The Responsible Officer to ensure confidentiality agreements entered into as appropriate.	
	(b) When the Company enters into a material transaction that may constitute potential Disclosure Material, the Responsible Officer must remind all staff of the confidential nature of the transaction and of the consequences of failing to comply with their disclosure obligations.	At the commencement of a confidential material transaction, the Responsible Officer must circulate an internal memorandum to all staff involved in the transaction to remind them of their confidentiality obligations and of the consequences of unauthorised disclosure.	

RELEASE OF DISCLOSURE MATERIAL

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
1. The Company is to ensure that the release of Disclosure Material to the ASX or certain sectors of the public is done in an orderly manner to safeguard against inadvertent disclosure of Disclosure Material.	(a) The Responsible Officer is to oversee and co-ordinate disclosure of information to the ASX, analysts, brokers, shareholders, the media and the public.	The Responsible Officer must circulate an internal memorandum to staff advising them of the Company's policies regarding disclosure of Disclosure Material.	
	(b) The number of Directors and staff authorised to speak on the Company's behalf in relation to press releases must be kept to a minimum.	Only the Media Officer is authorised to speak to the media (as named in the Glossary to the Compliance Procedures)	
	(c) The Responsible Officer should be aware of all information disclosures in advance, including information to be presented at private briefings, to analysts and others, including answers to shareholders questions.	The Responsible Officer must advise staff that he is to receive all information disclosures prior to the proposed disclosure.	

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
	<p>(d) Once Disclosure Material has been released through the ASX, the Company must further disseminate the information to investors to ensure that information is accessible to the widest audience (eg. posting the information on the Company's website).</p> <p>In the event of an inadvertent leakage or disclosure of Disclosure Material, the Responsible Officer must immediately make an appropriate announcement to the market through the ASX. The Responsible Officer must also contemporaneously with or as soon as possible after such announcement, notify the Board of the announcement.</p>	<p>The Responsible Officer to ensure that the relevant Disclosure Material disclosed to the ASX is posted on the Company's website. The Responsible Officer to immediately make an announcement to the market through the ASX upon identifying a leakage of Disclosure Material.</p>	
<p>2. The Company should have in place a procedure for dealing with analysts to check whether any Disclosure Material has been inadvertently released and if so, how to handle the release.</p>	<p>(a) The Responsible Officer is to ensure that any Disclosure Material inadvertently provided to analysts is announced immediately through the ASX for release to the market.</p>	<p>The Responsible Officer is review any information provided to analysts to assess whether the information constitutes potential Disclosure Information. If it is determined by the Responsible Officer that the information requires disclosure to the market, the Responsible Officer must immediately make the appropriate announcement to the ASX.</p>	
	<p>(b) The Responsible Officer is to ensure that any staff dealing with analysts are aware of the how to deal with analysts' questions that raise issues outside the intended scope of discussion.</p>	<p>The Responsible Officer must train staff to only discuss information that has been publicly released through the ASX. If a question can only be answered by disclosing Disclosure Material, staff must be trained to decline to answer or take it on notice. Disclosure Material must be announced through the ASX before responding to the analyst.</p>	

UPDATING COMPLIANCE PROCEDURES

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
<p>The Company has in place procedures to ensure the Compliance Procedures are updated from time to time to reflect changes in the Company's business operations and changes in the Corporations Act and Listing Rules.</p>	<p>(a) The Responsible Officer is to update the Company Procedures for any changes in the Corporations Act and Listing Rules or the Company's business and operations.</p>	<p>The Responsible Officer to amend the Compliance Procedures as appropriate and record such changes.</p>	
	<p>(b) The Responsible Officer is to consult with staff to give them an opportunity to provide input in relation to any proposed changes to the Compliance Procedures.</p>	<p>The Responsible Officer to call staff meetings as appropriate.</p>	
	<p>(c) The Responsible Officer is to keep a register of all actual and potential breaches of the Compliance Procedures to determine whether changes to the Compliance Procedures are required to prevent future breaches of the same kind.</p>	<p>The Responsible Officer to establish and maintain a breach file.</p>	

STATEMENT IN ANNUAL REPORT

Obligation of the Company	Measures to Effect Compliance	Action	Compliance (Yes/No/Comment)
The Company must include on its website a statement of the main practices and procedures contained in these Compliance Procedures.	The Responsible Person must ensure that a concise statement of these Compliance Procedures is contained on the website of the Company.	The Responsible Person to prepare a statement of the main practices and procedures contained in these Compliance Procedures for inclusion on the website of the Company.	

PART C – GLOSSARY

In the Compliance Procedures, defined terms have the meanings assigned to them in this Part, unless the context otherwise requires. Terms used but not defined have the meaning assigned to them in the Constitution:

Term	Meaning
Section 1:	
Company	means Zambezi Resources Ltd
Media Officer	means Julian Ford
Responsible Officer	means Lloyd Flint or in that person's absence, Geoffrey Johnson
Share Price Officer	means Lloyd Flint
Section 2:	
Board	means the board of Directors of the Company
Compliance Procedures	means this document, as amended from time to time
Corporate Governance Practices	means the Corporate Governance Practices of the Company
Corporations Act	means the Corporations Act 2001 (Cth)
Disclosure Material	means undisclosed information that a reasonable person would expect to have a material effect on the Company's price or value of its securities.
Director	means a director of the Company
Related Party	<p>means a related party of a public company which includes:</p> <ol style="list-style-type: none">1. an entity which controls the public company;2. the Directors;3. directors of an entity that controls the public company;4. where the public company is controlled by an entity that is not a body corporate, the persons making up the entity which controls the public company;5. a spouse or de-facto spouse of a director or controller;6. a parent or child of a director or controller or their spouses; and7. an entity (other than entities controlled by the public company) over which one of the above persons has control. <p>An entity falling into any of the above categories will be a related party of a public company if the entity was a related party of the public company at any time in the six months before the financial benefit was given, or if the entity has reasonable grounds to believe that it will become a related party of a public company at any time in the future.</p> <p>In addition, an entity will be deemed to be a related party of a public company if it acts in concert with a related party, on the understanding that the related party will receive a financial benefit if the public company gives the entity a financial benefit.</p>