

ATTICUS RESOURCES LIMITED

ASX Principles of Good Corporate Governance and Best Practice Recommendations

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.*
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Roles and Responsibilities of the Board

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

1. **Strategy** - Providing strategic guidance to the Group, including contributing to the development of and approving the corporate strategy;
2. **Financial performance** Approving budgets, monitoring management and financial performance;
3. **Financial reporting and audits** Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditors;
4. **Leadership selection and performance** Appointment, performance assessment and removal of the Managing Director. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
5. **Remuneration** Management of the remuneration and reward systems and structures for executive management and staff;
6. **Risk management** Ensuring that appropriate risk management systems and internal controls are in place; and
7. **Relationships with the exchanges, regulators and continuous disclosure** Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

Roles and Responsibilities of the Senior Executives

The Board has delegated to management responsibility for:

- **Strategies.** Assisting in developing and implementing corporate strategies and making recommendations where necessary;
- **Leadership selection and performance.** Appointing management where applicable and setting terms of appointment and evaluating performance;
- **Budgets.** Developing the annual budget and managing day-to-day operations within budget;
- **Risk Management.** Maintaining risk management frameworks; and
- **Communication.** Keeping the Board and market informed of material events

Evaluating Performance of Senior Executives

The Board meet at least annually to review the performance of senior executives, considerations include the following:

1. The performance of the senior executive in supplying the Board with information in a form, timeframe and quality that enables the Board to effectively discharge its duties;
2. Feedback from other senior executives; and
3. Any particular concerns regarding the senior executive.

Refer to the section on Principle#2 for the review process of Directors, including the Managing Director, other Executive Directors; and the Company Secretary.

Those persons being reviewed are asked to leave the meeting during the review process.

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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.*
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Composition of the Board

The Company recognises the importance of having a Board comprising of directors with an appropriate range of backgrounds, skills and experience to suit the Company's current and future strategies and requirements.

The Company considers that the Board should have at least three directors (minimum required under the Company's Constitution) and strives to have a majority of independent directors but acknowledges that this may not be possible at all times due to the size of the Company. The number of directors will be maintained at a level which will enable effective spreading of workload and efficient decision making and which will also ensure that the Boards' composition serves the best interests of shareholders.

The Board determines each director's independence using the guiding principle that an independent director is independent of management and free of 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 applying the guiding principle, the Board will take into consideration the definition in the ASX Principles of Good Corporate Governance and Best Practice Recommendations and appropriate materiality thresholds.

The composition of the board is determined by the application of the following:

- Persons nominated as Non-Executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as executive directors must be of sufficient stature and security of employment to express independent views on any matter.
- The Chair should ideally be independent, but in any case be non-executive and be elected by the Board based on his/her suitability for the position.
- The roles of Chair and Chief Executive Officer should not be held by the same individual.

- All Non-Executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the company.
- Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

Independence of Directors

The independence of individual Directors is assessed regularly by the Board. Directors facilitate this review by providing up to date information regarding their personal circumstances related to the company, external relationships and potential conflicts of interest. Assessment is made having regard to relevant laws, regulations and listing rules as well as the *Australian Stock Exchange Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations*. The Board's assessment of the independence of individual Directors will be published in the Directors report of annual reports.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the Board meeting whilst the item is considered.

Nomination Committee / Appointment of New Directors

Because the size of the Company and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Annual Review of Directors and Company Secretary

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. This review includes:

1. Determining the appropriate balance of skills and experience required to suit the Company's current and future strategies;
2. Comparing the requirements in (a) above against the skills and experience of current Directors and executives;

3. Assessing the independence of each Director;
4. Measuring the contribution and performance of each Director;
5. Assessing any education requirements or opportunities;
6. Recommending any changes to Board procedures, Committees or the Board composition.

Those Directors being reviewed are asked to leave the meeting during the review process.

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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 summary of the code as to:*
- *the practices necessary to maintain confidence in the Company's integrity,*
 - *the practices necessary take into account their legal obligations and the reasonable expectations of their stakeholders; and*
 - *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's 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 Guide to Reporting on Principle 3.*
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Code of Conduct

The Board has adopted a Code of Conduct for all directors, officers, and employees and this is attached as Schedule A to this Corporate Governance Manual.

The Code of Conduct embraces the values of:

- Integrity
- Excellence
- Commercial Discipline

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

Trading in Atticus Securities by Directors, Officers and Employees

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares. This Trading Policy is attached as Schedule B to this Corporate Governance Manual.

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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 of only Non-Executive Directors;*
- *consists of a majority of independent Directors*
- *is chaired by an independent Chair, who is not Chair of the Board, and*
- *and at least three members.*

Recommendation 4.3: The audit committee shall have a formal charter.

Recommendation 4.4: Companies should provide the information indicated in the Guide to Reporting on Principle 4.

The Board of Directors has a primary responsibility to ensure that:

- The Company presents and publishes accounts which present a true and fair view of its results and financial position;
- The accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws; and
- The appointment and performance of the external auditor is appropriately monitored to ensure independence and the serving of the interests of shareholders.

Management Accountability

The Board encourages management accountability for the Company's financial reports by requiring the Company Secretary (who is responsible for preparing the financial reports) to state in writing to the Board that the Company's 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.

Audit Committee

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate for Atticus. In addition to managements accountability referred to above, the Board assures integrity of the financial statements by:

- (a) reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- (b) monitoring compliance of the accounting records and procedures, in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, Australian Stock Exchange Limited ("ASX") and Australian Taxation Office;

- (c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- (d) reviewing audit reports and management letters to ensure prompt action is taken by the Company's management; and
- (e) When required, nominating the external auditor and at least annually reviewing the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

Where appropriate, the Audit Partner responsible for the audit of the Company may be invited to attend Board meetings.

Appointment of External Auditors

The Board shall be directly responsible for the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of effectiveness, and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting.

The Board shall pre-approve all audit and non-audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The Board may delegate pre-approval authority to the Company Secretary. The decisions of the Company Secretary to whom pre-approval authority is delegated must be presented to the Board at its next scheduled meeting. When reviewing the auditor's independence the committee will encourage the rotation of the audit partner at least once every 5 years.

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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 and procedures 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.

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy. The Market Disclosure Policy is detailed below.

MARKET DISCLOSURE POLICY

Atticus is committed to:

- (a) ensuring that shareholders and the market are provided with timely and balanced information about its activities;
- (b) complying with the general and continuous disclosure principles contained in the Australian Stock Exchange Limited ("ASX") Listing Rules and the Corporations Act 2001; and
- (c) ensuring that all market participants have equal opportunities to receive externally available information issued by Atticus.

Material Information

- All management and staff must inform the Company Secretary of any potentially material information or proposal as soon as practicable after becoming aware of that information.
- Information is material if it is likely that the information would influence investors in deciding whether to buy or sell Atticus securities.
- Material information need not be disclosed if all of the following are satisfied:
 - a reasonable person would not expect the information to be disclosed; and
 - the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
 - one of the following applies:

- it would breach the law to disclose the information;
 - the information concerns an incomplete proposal or negotiation;
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - the information is generated for internal management purposes; or
 - the information is a trade secret.
- Subject to and in accordance with the provisions of ASX Listing Rule 3.1, the Chair and Managing Director must immediately notify the market, via an announcement to the ASX, of any information concerning Atticus that the Managing Director and/or Chair believes a reasonable person would expect to have a material effect on the price or value of Atticus securities. The Company Secretary is the Authorised Officer for Listing Rule purposes.
- Atticus must not, under any circumstances, disclose material information to the market prior to the ASX releasing the information to the market. If unreleased material information is unintentionally communicated, by Atticus or an employee, in any forum, the Managing Director, or in his absence, the Company Secretary, must be advised immediately so the market can be informed.

False Market

- **Leaks, rumours and inadvertent disclosure.** The Company's general policy is not to respond to reports or rumours about it published by analysts, fund managers or reporters. From time to time, however, it may be necessary to respond to the unauthorised or selective disclosure of information or market rumours concerning the Company, particularly where the information or rumour is having, or likely to have, an impact on the price of the Company's securities. Such an event may trigger an enquiry from the ASX under Listing Rule 3.1B. To ensure a consistent response from the Company to such occurrences, all instances of unauthorised or selective disclosure or rumours should be reported to the Managing Director or Company Secretary as soon as they become known.
- **Assessment of the Company's response.** When a matter is reported, the Managing Director or Company Secretary will discuss the significance of the matter and possible disclosure responses with the Chair.
- **Disclosure of information.** If the information the subject of the unauthorised or selective disclosure is considered material, or there is a significant market rumour concerning the Company that is having or is likely to have an impact on the price of the Company's securities, the Company Secretary will co-ordinate the development of a disclosure response to ASX.

The Company Secretary will circulate the draft announcement to the Board and relevant management and external advisers for review. Once the review process has been completed, the Company Secretary will disclose the information to ASX.

- **Referral of enquiries.** Any queries by ASX, the media, analysts, brokers, shareholders or the public about a market rumour concerning the Company or regarding information that is subject to this Disclosure Policy must be referred to the Managing Director or, in his absence, the Company Secretary.

The only persons authorised to speak to the media or any other person outside the Company about market rumours concerning the Company or about information that is subject to this Disclosure Policy are the Chair or the Managing Director from time to time.

Release of reports as required by the Corporations Act and ASX Listing Rules

Atticus must lodge, in a timely fashion, the following reports if and as required by the ASX Listing Rules and the Corporations Act 2001:

- the annual report;
- the half yearly report and accounts;
- the preliminary final report;
- the annual audited financial statements;
- the quarterly cash flow report; and
- any other reports required to be lodged under the ASX Listing Rules or the Corporations Act 2001.

The Company will include commentary on its financial results to enhance the clarity and balance of reporting. This commentary will include information needed by an investor to make an informed assessment of the entity's activities and results.

Information briefings with analysts

- Atticus may provide background and technical information in one-on-one briefings with analysts, fund managers, brokers or institutional investors to assist them in their understanding of Atticus's business activities. The Managing Director must review any written presentation material prepared for meetings prior to the meeting to determine whether all information has previously been disclosed to the market or may require disclosure.
- A one-on-one briefing includes any communication between Atticus and a broker, analyst, fund manager, or institutional investor including phone calls.
- No previously undisclosed material information may be disclosed at these meetings. If an employee considers that previously undisclosed material information has been disclosed, they must immediately inform the Company Secretary so that the previously undisclosed information can be released to the market.

Release of information to the public

- Only the Chair, the Managing Director, an Executive Director or the Company Secretary are authorised to provide comment about the Company, or speak on behalf of Atticus, to the media. Any other employees providing comment on the Company must first obtain the authorisation of the Managing Director or, in his absence, the Chair.
- Atticus employees must not respond to any market speculation or rumours about the Company, unless authorised by the Managing Director or, in his absence, the Chair to do so.

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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.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Company places significant importance on effective communication with shareholders.

Information is communicated to shareholders through the distribution of the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email, facsimile or post.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

Website

The Company's website at www.atticusres.com.au contains up to date information regarding the operations of the Company, its management, exploration activities and contact details. All announcements made to the Australian Stock Exchange Limited (ASX), financial reports, press releases and other relevant information are available on the website.

Shareholder Meetings

The Company conducts an annual general meeting in accordance with legal and listing requirements. All Directors are requested to be present to answer any shareholder questions.

The Company will ensure that the annual general meeting is held in a manner that enables as many shareholders as possible to attend and encourages effective participation by shareholders. The Notice of Annual General Meeting provides details of the location, time and date of the Meeting, explanatory notes presenting the business to be considered by shareholders and details about any candidate standing for election or re-election as a Director of the Company.

The Company will request that its external auditor attend the Company's annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Chair of that meeting will allow a reasonable opportunity for members to ask questions about the Company's performance and operations.

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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 its 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 aspects in relation to financial reporting risks.

Recommendation 7.4: Companies should provide the information indicated in the Guide to Reporting on Principle 7.

Taking and managing risk are central to Atticus's business and to building shareholder value. The Boards' risk approach links with Atticus's vision and values, objectives and strategies, and procedures and training.

RISK PROFILE

The mining industry has additional risks to those of other businesses.

The Board recognises the following main types of risk:

Market Risk

Market risk is the risk to earnings from changes in market factors such as interest and foreign exchange rates, commodity prices, or our liquidity and funding profiles. A change in the market can impact the price at which the Company's shares may trade.

Managing Growth

Growth of the Company will require preparedness for the deployment of management systems relating to financial monitoring and controls, human resources, corporate compliance, marketing, technical and changes in the competitive landscape. The Company recognises the need to employ qualified people to fill roles within the organisation and believe that such individuals can be attracted to the Company although in the initial phase of the Company's operations, its size may be a limiting factor in being able to attract suitable candidates.

Risks Associated with Future Acquisitions

The Company intends to investigate and consider selective acquisitions of investments or businesses in accordance with the Constitution, the business need and strategic direction of the Company. There are no assurances that the Company will be able to identify suitable acquisition candidates available for sale at reasonable prices, complete any acquisitions or successfully Atticuste any acquired business into the Company's operations.

Further Capital

To expand its operations the Company will require additional capital from time to time. The ability of the Company to raise this capital will be affected by, amongst other things, the state of the market, the performance of the Company, the preparedness of investors to invest into the Company and the quality of the opportunity.

Exploration and Mining Risk

Mineral exploration and mining are speculative activities that may be hampered by circumstances beyond the control of Atticus. Profitability depends on successful exploration and/or acquisition of mineral reserves, design and construction of efficient processing facilities, and proficient financial management.

Many of the mining tenements in which Atticus has an interest are at the exploration stage only. There can be no assurance that exploration of these tenements, or any other tenements in which Atticus may acquire an interest in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that the deposit can be profitably exploited.

The business of mining and mineral exploration, development and production may be affected by various factors, including failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Native Title Risk

Native title claims have been made in respect of Atticus's 100% owned tenements and tenement applications in both Western Australia and South Australia. This may affect Atticus's operations by way of delays in the granting of tenement applications and Atticus experiencing delays or incurring additional expenses in relation to gaining access to its tenements. It is possible that if agreements are not reached with relevant native title claimants, affected applications for mining tenements may not be granted or, if granted, may be subject to conditions.

Native title claims have been made in respect of Atticus's joint venture tenements and tenement applications in Western Australia. This may affect the operations of the relevant joint ventures by way of delays in the granting of tenement applications and the joint venturers experiencing delays or incurring additional expenses in relation to gaining access to the joint venture's tenements. Lack of ground access to certain of Atticus's joint venture tenements may cause alteration or curtailment of joint venture exploration programmes.

Environmental Risk

The mineral operations and proposed activities of Atticus are environmentally sensitive and cannot be carried out without prior approval from and compliance with all requirements of the

relevant environmental authorities. Atticus intends to conduct all its activities in a manner that is environmentally responsible and in accordance with all relevant laws.

Legislative Risk

Changes in Government regulations and policies may adversely affect the financial performance of Atticus. New regulations or policy may restrict Atticus from carrying out some of its existing and proposed activities.

Competitive Risk

Atticus is subject to normal competition risks from other parties who are presently in, or in the future will enter, the mining exploration sector in which Atticus currently operates. There is also the potential for increased competition in this market sector. If this was to occur, it may have a material adverse effect on the operating and financial performance of Atticus.

MANAGING RISK

Due to the size of the Company, no formal risk management policy is in place. Risks to the Company are reviewed at regular Board meetings as necessary and during any reviews of operating and strategic plans. The Company employs executives and retains consultants each with the requisite experience and qualification to enable the company to manage the risks to the Company.

The Board is responsible for satisfying itself that risk management is effective and as a result, executives and consultants are asked to report to the Board when requested.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described under two headings:

- Financial Reporting – Monthly results are reported and reviewed regularly. The Group reports to shareholders quarterly, half-yearly and annually.
- Continuous disclosure – the Company has a policy that all shareholders and investors have equal access to the Company's information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules. All information provided to the ASX is immediately posted to the Company's website. The Managing Director and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Directors and the Company Secretary are responsible for all communications with ASX.

CEO and CFO Assurance

The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Annually, the Company Secretary (who is responsible for preparing the financial reports) is required to state in writing to the Board that in all material respects:

Declaration required under s295A of the Corporations Act 2001

- the financial records of the Group for the financial year have been properly maintained;
- the financial statements and notes comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view;
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied; and

Additional declaration required as part of corporate governance

- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

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Principle #8: Encourage Enhanced Performance

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 director's remuneration from that of executive directors and senior executives.

Recommendation 8.1: Companies should provide the information indicated in the Guide to reporting on Principle 8.

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable executive remuneration.

Board Remuneration Committee

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered efficient for Atticus. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

The amount of aggregate remuneration is reviewed annually. The Board considers the remuneration being paid by comparable companies with similar responsibilities and the experience of the directors/executives. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable roles.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Non-executive directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the director's retirement or termination. Non-Executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules. The option incentive portion is targeted to add to shareholder value by having a strike price considerably greater than the market price at the time of granting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the amount of director fees being paid by comparable companies with similar responsibilities and the experience of the non-executive directors when undertaking the annual review process.

Executive director and senior executive remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for company, and individual performance;
- ensure continued availability of experienced and effective management; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Fixed Remuneration - Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Company and individual performance, and relevant comparative remuneration in the market. As noted above, the Board may engage an external consultant to provide independent advice.

Fixed Remuneration - Structure

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay — Long Term Incentives - Objective

The objective of long term incentives is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Variable Pay — Long Term Incentives – Structure

Long term incentives granted to executives are delivered in the form of options and bonuses. The option incentives granted are aimed to motivate executives to pursue the long term growth and success of the Company within an appropriate control framework and demonstrate a clear relationship between key executive performance and remuneration.

As part of the executive remuneration package, bonuses may be granted based on the achievement of Key Performance Indicators (KPIs) set by the Board. The intention of this program is to facilitate goal congruence between directors/executives with that of the Company's business and shareholders. The KPI's are set with a certain level of consultation with executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPIs target areas covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year.

Employee Incentive Scheme

All employees except for Executive Directors are eligible to participate in the Atticus Employee Incentive Scheme (the "Scheme"), which was approved by shareholders on 28 November 2003. Actual participation is dependent upon the discretion of the Board under the terms of the approved Scheme. The Board exercises its discretion to apply vesting and hurdle conditions which are intended to ensure that rewards are available only to employees who contribute to the Company over the medium to long term and that the benefits flowing from the Scheme are aligned to value achieved by shareholders.

Disclosure of Directors' and Executives' Remuneration

In accordance with the Corporations Act and Accounting Standards requirements, full detailed disclosure of Directors' and executives' remuneration is made in Atticus's annual report in the Remuneration Report. Any other transaction with directors is also fully disclosed in the related parties note in the annual report.

In accordance with ASX listing rule 3.1, continuous disclosure is made of any significant employment agreements or termination agreements or payments which may have a material effect on the price or value of Atticus securities, or because of its nature, the Directors believe disclosure should be made.

Atticus Resources Limited

SCHEDULE A – CODE OF CONDUCT

Integrity

To act with integrity at all times, and towards each other, our customers, our suppliers and our shareholders, we must:

- act honestly and within the spirit as well as the letter of the law.
- obey the law and not take any action or inaction that will or could result in the breach of any law.
- respect the rights and freedoms of each other and not discriminate on the basis of age, sex, race, religion, sexual orientation, political opinion or other personal differences.
- treat our work colleagues, our customers and shareholders with courtesy and respect.
- not disclose any confidential information of Atticus, its customers, suppliers or other parties without proper authorisation.
- deal with our customers, suppliers, shareholders and any other parties honestly, fairly and at arms length, and otherwise avoid the possibility of actual or perceived conflicts of interest.
- follow Atticus's internal policies, including corporate governance policies.
- not permit our own personal and/or business and/or financial interests to conflict with our duties to Atticus.
- encourage and foster a culture that recognises the importance of professional ethics.

Excellence

To achieve excellence in everything we do, we must:

- work to the highest standard.
- be constantly challenged and challenge each other to continue to drive improvement in our work.
- strive to achieve a vibrant and rewarding work environment.
- take ownership of every task or duty we undertake.
- take responsibility for our own actions.
- optimize processes.
- encourage, maintain and foster a culture that strives for, and rewards, excellence.

Commercial Discipline

In applying commercial discipline in all our work practices we must:

- measure our success in terms of increasing shareholder value.
- appropriately manage risk.
- apply sound principles of financial and business management.

Reporting Wrongdoing

Atticus is committed to ensuring that the conduct and behaviour of its employees, executives and directors is in accordance with the key values described above. Atticus employees, executives and directors are all required to report any circumstance where they have reasonable grounds for suspecting, and a genuine belief of wrongdoing involving possible:

- fraud;
- corruption;
- breaches of Atticus's internal policies, including corporate governance policies (which include this Code of Conduct); or
- breaches of the law.

Any such occurrences must be reported to the Company Secretary, Managing Director or Chair.

Atticus recognises that its employees, executives and directors must be provided with a work environment in which they feel safe and secure about reporting any such occurrence. Accordingly, Atticus is committed to encouraging, maintaining and fostering a culture in which its employees, executives and directors feel that they may report any such instances where they have reasonable grounds, and a genuine belief, that there may have been wrongdoing without fear of reprisal, harassment, discrimination, victimization or future career bias.

Any report made will be listened to and investigated. All reports will be treated with the strictest confidence and will only be disclosed to other persons within (or outside) Atticus on a "need-to-know" basis. Your involvement will not be mentioned without your consent. You will be provided with regular feedback and the outcome of the investigation (including whether the suspicions and concerns outlined in your report were well-founded, and, where appropriate, whether further action has been taken).

Any report may be made anonymously. However, it must be recognised that anonymity may make the investigation of any report much more difficult. Anonymity can also be very hard to guarantee, as it may be necessary for you to give evidence in either internal or external proceedings, or, the law may otherwise require the formal disclosure of your report. It must also be stressed that Atticus will not support the use of this policy as a means of airing or pursuing personal or professional grievances between employees, executives or directors, or for any individuals to make unfounded or malicious allegations. Such conduct would be against the principles set out in this Code of Conduct, and may be considered by Atticus as grounds for action against the complainant.

Atticus Resources Limited

SCHEDULE B – SHARE TRADING POLICY

Trading in Atticus Securities by Directors, Officers, Consultants and Employees

1 Introduction

The Atticus Resources Limited (the “Company”) Share Trading Policy operates to regulate dealings by the Company’s Directors, officers, consultants, senior management and other employees in shares, options and other securities issued by the Company.

2 Purpose

2.1 The purpose of the Policy is to provide systems which will assist in ensuring that the Company’s Directors, officers, consultants, senior management and other employees are aware of the legal restrictions on trading shares, options or other securities while such a person is in possession of unpublished price-sensitive information concerning the Company.

2.2 The Policy is also intended to minimise the possibility of misunderstandings or suspicions arising that the Company’s Directors, officers, consultants, senior management and other employees are trading or have traded in the Company’s shares, options or other securities while in possession of unpublished price-sensitive information.

2.3 The Policy recognises the overriding Corporations Act “insider trading” prohibition which makes it illegal for a person to trade in the Company’s securities when they possess unpublished price-sensitive information concerning the Company. This prohibition applies regardless of whether the terms of this Policy have been complied with.

3 Restrictions on trading

3.1 Consistent with the Corporations Act prohibitions on insider trading, all of the Company’s Directors, officers, consultants, senior management and other employees are prohibited from trading in the Company’s shares, options or other securities while in possession of unpublished price-sensitive information concerning the Company.

3.2 Price-sensitive information is information which a reasonable person would expect to have a material effect on the price or value of the Company’s shares, options or other securities.

3.3 Having regard to the Company’s current status as a purely exploration focused company with no trading income, the Board has determined that it is neither necessary nor appropriate at this time to limit trading by the Company’s Directors, officers, consultants, senior management and other employees to specific “trading windows” (for example within certain periods after the release of half-yearly and annual results). The Board considers that the Company’s current status and activities are such that the release of neither the half-yearly nor annual results opens up any safe trading windows and that trading in the Company’s shares, options or other securities by Directors, officers, consultants, senior management and other employees should primarily be based on whether those persons are in the possession of price sensitive information. The Board will continue to monitor this issue as the Company progresses toward productive, income generating mining.

3.4 Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities in the following circumstances:

- (a) if they are in possession of price-sensitive information; and
- (b) speculative trading for a short term gain.

3.5 In addition, the Company requires that:

- (a) Directors (other than the Chairman) must advise the Chairman;
- (b) the Chairman must advise an independent Director; and
- (c) officers, consultants and senior management must advise the Company Secretary or a Director,

of any proposed trade in the Company's shares, options or other securities prior to any trade and confirm they are not in possession of any unpublished price-sensitive information. These persons should discuss issues of relevance regarding the Company that may be within the knowledge of the person proposing to trade and the person who is advised of the proposed trade should keep a record of the discussion.

3.6 The restrictions on trading in this Policy do not restrict participation by the Company's Directors, officers, consultants, management and other employees in:

- (a) any issue of the Company's shares, options or other securities pursuant to a prospectus issued by the Company; and
- (b) any employee share and option plans formulated from time to time by the Company in accordance with the Rules of the relevant plan and the terms of any offer,

but do apply in respect of the trading of the Company's shares, options or other securities to which participants become entitled under that prospectus or those plans.

3.7 Directors, officers, consultants and management are required to notify the Company Secretary in writing of any dealings in the Company's shares, options or other securities within three business days of the trading.

3.8 Directors, officers, consultants, management and other employees should not directly communicate price-sensitive information or cause that information to be communicated to another person if they know or should know that the other person would be likely to buy or sell the Company's shares, options or other securities or to communicate information to another party.

4 Insider Trading

The requirements of and restrictions contained in this Policy are separate from and additional to, the legal prohibitions in the Corporations Act on insider trading.