

# Corporate Governance Policies

## Conflict of Interest Protocol



### 1 Background

- 1.1 This protocol is designed to supplement the existing corporate governance policies and the code of conduct policy (**Code of Conduct Policy**) of MZI Resources Ltd (**Company**). It does not overrule those policies except that in the event of inconsistency the content of this protocol will prevail.
- 1.2 This protocol sets out the procedures to be adopted in circumstances where a director of the Company (**Director**) has or where there is a real and sensible possibility that the Director may have:
- (a) a material personal interest in a matter that is being considered or will be considered at a meeting of the board of directors of the Company (**Board**);
  - (b) a conflict or perceived conflict between the duties which they may owe to, or otherwise their relationship with, any third party (including being a director, employee or consultant of another entity) (a **Related Third Party**) and their duties as a Director in considering a matter that is being considered or will be considered at a meeting of the Board; or
  - (c) any other business, relationship or interest that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.
- (each a **conflict of interest**).
- 1.3 This protocol has been adopted by the Board as governing the conduct of the current Directors and should be accepted by each Director subsequently appointed to the Board as part of their consent to join the Board.
- 1.4 Examples of matters to which this protocol may apply include (but are not limited to):
- (a) the consideration of commercial arrangements or disputes in relation to a Director or any Related Third Party;
  - (b) the consideration of financing arrangements and development decisions for any of the Company's projects, where a Director is associated with a royalty holder or financier in relation to that project; and
  - (c) where the Company is considering a transaction that is reasonably likely to impact the commercial interests of a Director or a any Related Third Party.

### 2 Framework

- 2.1 Directors are required to abide by their statutory duties under the *Corporations Act 2001* (Cth) (**Act**), their duties under the Company's Constitution, the duty not to disclose confidential information and their equitable duties as a fiduciary to the Company.
- 2.2 Relevant statutory duties and obligations require that Directors:
- (a) exercise their powers in discharge of their duties in good faith in the best interests of the Company and for a proper purpose;
  - (b) do not improperly use their position to gain personal advantage or advantage for someone else, or cause detriment to the Company; and

(c) do not improperly use information received through holding their position to gain personal advantage, or advantage for someone else, or cause detriment to the Company.

2.3 Section 191 of the Act provides that a director of a corporation who has a material personal interest in a matter that relates to the affairs of the corporation must give the other directors notice of that interest unless section 191(2) says otherwise.

2.4 Section 192 of the Act permits a director of a corporation who has an interest in a matter to give other directors standing notice of the nature and extent of the interests in accordance with the Act.

2.5 Section 195 of the Act provides that a director of a public company who has a material personal interest in a matter that is being considered at a directors meeting must not be present while the matter is being considered at the meeting or vote on the matter except to the extent that s195(2) or (3) says otherwise.

2.6 Rule 11.13 of the Company's constitution provides that a Director who has a material person interest in a matter which relates to the affairs of the Company must give notice of the interest at a meeting of directors, setting out the nature and extent of the interest and the relation of the interest to the affairs of the Company.

### 3 Protocol

#### *Declared conflict of interest*

3.1 A Director must at any time declare any conflict of interest in relation to a matter by notification to the Company Secretary in writing or verbally at a Board or Board Committee meeting (the interest being noted in the relevant minutes). Otherwise, the Chairman (or if the Chairman has the conflict of interest, the Managing Director / CEO) may determine a director to have a conflict of interest in accordance with **clause 3.5**.

3.2 A director who is in any doubt as to whether they should declare a conflict of interest should contact the Chairman (or if the Chairman has the conflict of interest, the Managing Director / CEO) to discuss the matter.

3.3 Notwithstanding any provision in this protocol, where section 195 of the Act applies, that section must be complied with.

3.4 Where there are reasonable grounds for considering that a Director has or may have a material conflict of interest in a matter to be brought before the Board, the Company must identify this conflict in the board papers which are given to Directors in relation to the matter.

#### *Prejudicial conflict of interest*

3.5 If the Chairman (or if the Chairman has the conflict of interest, the Managing Director / CEO) determines in their absolute discretion that a particular Director has a conflict of interest in relation to the Company (**Interested Director**) and that the disclosure of any detail concerning a matter or issue to that Interested Director is reasonably likely to cause material harm to the commercial interests of the Company (**prejudicial conflict of interest**), then the Managing Director/CEO or the Chairman (as the case may be), may determine that the Interested Director has a prejudicial conflict of interest.

#### *Management of conflicted directors*

- 3.6 In circumstances where a Director has declared a conflict of interest pursuant to **clause 3.1**, or an Interested Director has a prejudicial conflict of interest pursuant to **clause 3.5 (Conflicted Director)**, for so long as that conflict of interest remains the Chairman or Managing Director / CEO (as the case may be) must determine in their absolute discretion what arrangements (if any) should be put in place to deal with a conflict of interest, which may include (but are not limited to):
- (a) in accordance with the Code of Conduct Policy, requesting that the Conflicted Director eliminate the conflict or:
    - (i) refrain from voting on relevant matter(s) during a Board meeting; or
    - (ii) withdraw from discussion of relevant matter(s) during a Board meeting;
  - (b) the Conflicted Director concerned not receiving Board (or Board Committee) papers or other information which relates to the matter which is the subject of the conflict of interest;
  - (c) setting up a separate Board committee comprising some or all of the Directors (other than the Conflicted Director) to oversee and approve the relevant matter in which the Conflicted Director has a conflict of interest;
  - (d) the Conflicted Director concerned being requested to withdraw from any part of a Board (or Board Committee) meeting for the duration of any discussion on that matter, except to the extent that the Directors who do not have the material conflict of interest have passed a resolution which:
    - (i) identifies the Director, the nature and extent of the interest giving rise to the conflict of interest; and
    - (ii) states that the interest should not disqualify the Director from being present for discussion on the matter or that the Director should not be disqualified from being present for a part of the discussions authorised by the Board (or Board Committee); and
  - (e) the Conflicted Director being not able vote on a resolution which is the subject of that conflict of interest.
- 3.7 The Chairman or Managing Director / CEO (as the case may be) will determine in their absolute discretion how long the arrangements set out in **clause 3.6** will remain in place.
- 3.8 Where a Conflicted Director is not provided with information otherwise provided to Board members, and is excluded from discussion:
- (a) the Company Secretary will advise the Conflicted Director in writing of the broad nature of the withheld information and why it has been withheld from them; and
  - (b) for so long as that Conflicted Director has or is regarded as having a conflict of interest in respect to a matter the Company Secretary will maintain a reporting system by which the Conflicted Director is kept informed, in general terms (and with sensitive information removed), as to the progress or status of the matter from which they have been excluded.

- 3.9 A Conflicted Director who disagrees with any determination made by the Chairman (or if the Chairman has the conflict of interest, the Managing Director / CEO) that they have a prejudicial conflict of interest pursuant to **clause 3.5**, and who is aggrieved at:
- (a) not being sent Board (or Board Committee) papers or other information; or
  - (b) being requested to withdraw from any discussion at any Board meeting (or meeting of a Board Committee),

may refer their complaint to the Chairman (or if the Chairman has the conflict of interest, the Managing Director / CEO) for their review and ruling. Any such Director dissatisfied with the Chairman or Managing Director / CEO's review and ruling (as the case may be), may take the complaint to the Board and the Board's decision will be final and binding in this matter.

### *Information and public knowledge*

- 3.10 Once information withheld from a Conflicted Director in accordance with this protocol becomes public knowledge or if, in the opinion of the Chairman (or if the Chairman has the conflict of interest, the Managing Director / CEO) the potential for the conflict of interest has passed, the Conflicted Director shall be entitled, should they request, to a joint briefing by the Chairman and the Managing Director / CEO as to the current status of the matter and the particulars of any decision of the Board (or Board Committee) in respect of that matter.
- 3.11 Where a Director is provided with information that is not public knowledge (whether or not it relates to a matter then or subsequently declared or determined to represent a conflict of interest for that director), that information should be treated as confidential and may not be passed to a third party, including a shareholder that has nominated a director, without informed consent of the Board.

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### **Policy History**

Established:	May 2018
Last Review	July 2018
Next Review	July 2019
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Reference:	154929.