Corporate Ethics and Continuous Disclosure Policy

Atlantic Lithium Limited ABN 17 127 215 132 (**Company**)

Table of Contents

1. Purpose and scope 1
2. Corporate Ethics 1
   - 2.1 Introduction 1
   - 2.2 Directors' powers and duties 1
   - 2.3 General 2
   - 2.4 General duties of Directors 2
   - 2.5 Avoiding conflicts 4
   - 2.6 Confidentiality 5
   - 2.7 Independence 5
   - 2.8 Dealings by Directors in Securities of Company 6
   - 2.9 Notification to the ASX of Directors' interests 6
3. Company's obligation of disclosure 9
   - 3.1 General Rule 9
   - 3.2 ASX Listing Rules 9
   - 3.3 The disclosure obligation 10
   - 3.4 Ramifications of failing to comply 13
   - 3.5 Applying the exemption in practice 15
   - 3.6 ASX policy 16
   - 3.7 Information disclosure program procedures 17
   - 3.8 Directors and executive officers 17
   - 3.9 Overseeing and co-ordinating disclosure 18
   - 3.10 Information collecting procedures to ensure Listing Rule 3.1A and AIM Rule 11 (market sensitive information) is identified 18
   - 3.11 Releasing information to the ASX and AIM 18
   - 3.12 Company spokespersons 19
   - 3.13 Discussions with analysts or investors 20
   - 3.14 Authorising disclosures in advance 20
   - 3.15 Maintenance of released material 20
   - 3.16 Company website 20
   - 3.17 Handling rumours, leaks and inadvertent disclosures 21
   - 3.18 Reviewing discussions 21
   - 3.19 Draft reports 21
   - 3.20 Periodic disclosure 21
4. Definitions 21
5. Policy Management 22
   - 5.1 Approval and Review of Policy 22
   - 5.2 Policy revision and distribution 23
   - 5.3 Policy history 23
   - 5.4 Policy Approval 23

1. Purpose and scope

This policy applies to Atlantic Lithium Limited and all of its subsidiaries (**Atlantic** or **Company**).

Atlantic is committed to:

(a) complying with its disclosure requirements contained in the *Corporations Act 2001* (Cth) (**Corporations Act**), the Listing Rules of the Australian Securities Exchange (**ASX Listing Rules**), the United Kingdom's Market Abuse Regulation (**MAR**) and *Companies Act 2006* (**Companies Act**) and the AIM Rules for Companies (**AIM Rules**);

(b) preventing the selective or inadvertent disclosure of material price sensitive information;

(c) providing market announcements that are accurate, balanced and expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions; and

(d) ensuring that all shareholders and other market participants and interested parties have equal opportunity to receive externally available information issued by Atlantic.

This policy outlines the processes followed by Atlantic to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by Atlantic in its market communications practices.

All directors, officers and employees are required to have an understanding of Atlantic's continuous disclosure obligations and are responsible for complying with the entity's disclosure obligations.

2. Corporate Ethics

2.1 Introduction

Directors are subject to certain stringent legal requirements regulating their conduct, both in terms of their internal conduct as Directors and in their external dealings with third parties both on their own behalf and on behalf of the Company.

To assist Directors in discharging their duty to the Company in compliance with the relevant laws to which they are subject, the Company has adopted a Corporate Ethics Policy (**Policy**).

This Policy sets out rules binding Directors in respect of:

(a) a Director's legal duties as an officer of the Company;

(b) a Director's obligations to make disclosure to the ASX and the market generally, to the extent that the Company is Listed; and

(c) dealings by Directors in shares in the Company.

2.2 Directors' powers and duties

Each Director is required to comply strictly with the legal, statutory and equitable duties as an officer of the Company. Broadly, these duties are:

(a) to act in good faith and in the best interests of the Company;

(b) to act with due care and diligence;

(c) to act for proper corporate purposes;

(d) to avoid conflicts of interest or duty; and

(e) to refrain from making improper use of information gained through the office of Director, or taking improper advantage of the office of Director.

2.3 **General**

Directors owe a variety of duties to the Company which may affect the appropriateness of their attendance at, and participation in, meetings of the Board. These duties arise as a result of the general law and also under the Corporations Act.

The Directors should be aware that if they breach their fiduciary duties to the Company, they may be liable to account to the Company for any profit they derive or to indemnify the Company against any loss their breach has caused.

Breaches of the Corporations Act duties may also give rise to an action for damages, fines and penalties or disqualification.

(a) **Common law fiduciary duties**

A director is said to be in a fiduciary, as opposed to an arm's length, relationship with the Company. As such a Director will owe various fiduciary duties to the Company which underlie matters relating to the conduct of a Director, including attendance at, and participation in, meetings. The positive duties of a Director include the duty to act in good faith in the best interests of the Company, to act for proper corporate purposes to give adequate consideration to matters for decision and to keep discretions unfettered.

(b) **Corporations Act**

A Director will also be subject to duties imposed by the Corporations Act. They include the duty to exercise care and diligence, to exercise their powers in good faith and for a proper purpose and not to misuse their position or information obtained from their position to gain an advantage for themselves or others or cause detriment to the Company.

2.4 **General duties of Directors**

(a) **General law duty - to act for proper corporate purposes**

The duty to act for proper corporate purposes requires Directors to exercise the powers granted to them for the purpose for which they were given, not for collateral purposes.

(b) **General law duty - to give adequate consideration and duty not to fetter a director's discretion**

The duty to give adequate consideration to matters for decision and to keep discretions unfettered requires Directors to give adequate consideration to matters when exercising their discretion. They must take positive steps to inform themselves about matters and not simply acquiesce in the decision making process.

(c) **Care and diligence**

(1) **General law and Corporations Act duty - to act with a reasonable degree of care and diligence in exercising a director's powers and discharging a director's duties**

Under the Corporations Act, a Director must exercise the Director's powers and discharge the Director's duties with the degree of care and diligence that a reasonable person would exercise if that person:

(A) was a director of a company in the same circumstances as the Company; and

(B) occupied the same office and had the same responsibilities as the Director.

Case law on these provisions illustrates that the scope of the obligation of care and diligence will depend on the nature of the director's role and his or her position with the Company. For instance, generally executive directors will be subject to a higher standard of care and it has been held that a chairperson of a company who is also chairperson of the company's audit and risk management committee may have a higher duty of care than a mere non-executive director.

Apart from the Corporations Act obligation, a failure of a Director to act with a reasonable degree of care and diligence is also likely to be considered negligent.

(2) **Business Judgment Rule**

The Corporations Act provides for a mechanism for a Director to avoid a breach of the Director's duty of care and diligence where certain parameters are met. This is known as the "business judgment rule". All Directors are expected to be familiar with this rule.

In summary, a Director who makes a business judgment is taken to meet the duty of care and diligence (whether under statute or the general law) if the Director:

(A) makes the judgment in good faith and for a proper purpose;

(B) does not have a material personal interest in the subject matter of the judgment;

(C) informs himself or herself about the subject matter of the judgment to the extent he or she reasonably believes to be appropriate; and

(D) rationally believes that the judgment is in the best interests of the corporation.

The Director's belief that the judgment is in the best interests of the Company is a rational one unless that belief is one that no reasonable person in the Director's position would hold.

A "business judgment" is any decision to take or not take action in respect of a matter relevant to the business operations of the Company.

While the business judgment rule assists Directors to avoid a breach of their duty of care and diligence under both the Corporations Act or under the general

law, it does not relieve breaches of the other duties of Directors, whether under the Corporations Act or otherwise, described above.

(d) **Act in good faith**

There are general law and Corporations Act duties:

(1) to act in good faith in the best interests of the Company;

(2) to act for a proper purpose;

(3) not to improperly use the Director's position; and

(4) not to improperly use information obtained by virtue of the Director's position.

The duty to act in good faith in the best interests of the Company requires Directors to use their discretion honestly and with reasonable care and diligence for the purposes for which it was conferred. A Director must not promote his or her personal interest by making or pursuing a gain in circumstances in which there is a conflict, or a real possibility of a conflict, between his or her personal interests and those of the Company. Additionally, a Director must not act to promote the interest of a third person where there is a conflict, or a real possibility of conflict, between their fiduciary duties to the Company and any duties owed to the third person.

2.5 **Avoiding conflicts**

(a) **Attending and participating in Board meetings**

The duties in relation to conflict are of particular importance when a Director is considering whether or not he or she should attend and participate in Board meetings.

This rule requires a Director to avoid situations in which there is a "real and sensible possibility" of conflict between the Director's personal interests and the Company's interests. This duty is also of particular significance where Directors hold multiple directorships. While merely holding multiple directorships, even in competing companies, is not a breach of the rule against conflict, the rule will be breached if the Director discloses confidential information which the Director has gained as a result of their directorship of the other company.

Consequently, if a Director has a conflicting personal interest, whether direct or indirect, in a matter to be discussed at a meeting of the Board, they should first disclose this matter to the Board and then consider whether participating in the matter would result in a breach of their fiduciary duties.

(b) **Material personal interest**

A Director who has a material personal interest in a matter that relates to the affairs of the Company is required to disclose this to the Company.

Directors who have a material personal interest in a matter generally must not attend a meeting of the Board while that matter is being considered or vote on the matter. However, a Director may do these things if a resolution of the Board is passed to this effect or if ASIC has given its consent.

Despite this, the same caution must be exercised as discussed above if the other Directors consent to the conflicted Director participating in the meeting. The conflicted Director should ensure that participation won't be in breach of his or her fiduciary duties or the duties imposed by the Corporations Act.

(c) **Common directorships**

These duties become particularly relevant where companies have directors in common and a decision involving a potential conflict of interest is required to be taken by one of the companies. In this case, it will generally be prudent for a director who is on the board of both companies not to participate in the decision making process of either company on that matter.

(d) **Directors providing services to Company**

To capitalise on the professional/technical expertise or experience of the Directors from time to time (other than in their capacity as Directors), the Company may engage the services of a Director (or a firm associated with the Director) **only** on the following terms and conditions:

(1) the scope of the consultancy (or other services) is identified, together with a schedule of estimated costs and charge-out rates to be incurred with the Director or their firm;

(2) (where considered necessary or appropriate) the Board seeks additional quotations for the same services; and

(3) the consultancy services are approved by the Board.

2.6 **Confidentiality**

The Directors will have access to any information which the Directors may consider necessary to perform their responsibilities and exercise their independent judgment when making decisions. All information received by a Director in these circumstances must be considered confidential and at all times remains the property of the Company.

Any confidential information of the Company acquired by a Director during the Director's appointment must not be disclosed by the Director, or the Director must not allow it to be disclosed, to any other person unless the disclosure is authorised by the Chairperson or is required by law or regulatory body (including a relevant stock exchange).

2.7 **Independence**

The Board is required to regularly (and in any event, at least annually) assess the independence of Directors to ensure that Directors do not have any relationship or interest that interferes with their unfettered and independent judgment, or could reasonably give the impression that the Director's independence has been compromised.

Directors are required to fully and frankly tell the Board about anything that:

(a) may lead to an actual or potential conflict of interest or duty;

(b) may lead to a reasonable perception of an actual or potential conflict of interest or duty;

(c) interferes with a Director's unfettered and independent judgment; or

(d) could reasonably give the impression that a Director's independence has been compromised.

Directors are also required to tell the Company about any interest which they may have in Securities of the Company (or of a related body corporate) or interest in any contract relating to those Securities. This is discussed in greater detail below.

2.8 **Dealings by Directors in Securities of Company**

The Company has adopted a Trading Policy which is designed to ensure that Directors and others associated with the Company do not deal in Securities of the Company at inappropriate times or in inappropriate circumstances.

2.9 **Notification to the ASX of Directors' interests**

(a) **Relevant interests**

To the extent that the Company is Listed, Directors must also be aware that pursuant to the provisions of the Corporations Act they are obliged to provide the ASX with appropriate notifications of their interests in the Company.

Pursuant to section 205G of the Corporations Act, Directors must notify the ASX of their:

(1) relevant interests in Securities of the Company or of a related body corporate; and

(2) contracts:

(A) to which the Director is a party or under which the Director is entitled to a benefit; and

(B) that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate.

Directors must also ensure that the ASX is notified of the above interests in accordance with Listing Rule 3.19A. This Rule requires the Company, not the particular Director, to notify the ASX of the above interests.

(b) **Agreements with Directors**

Accordingly, the Company will enter into an agreement with each Director under which each Director will be obliged to provide the necessary information to the Company. An agreement of this nature recognises that much of the information required by the ASX, under section 205G, is held by each Director, by virtue of their position and role within the Company. By entering into a formal agreement, the Company ensures that each Director has been notified of his or her disclosure obligations under the Corporations Act and each Director authorises the Company to give the information provided by him or her to the ASX on his or her behalf and as his or her agent.

(c) **Notifiable interest**

In particular, Listing Rule 3.19A provides that when a Director is appointed the Company must notify the ASX of the above interests within five business days after the appointment (the appropriate form is ASX appendix 3X).

Listing Rule 3.19A requires disclosure of all **notifiable interests** in securities in the Company.

Under Listing Rule 19, a person has a **notifiable interest** in shares if the person has a relevant interest in shares within the meaning of the term **relevant interest** in section 9 of the Corporations Act.

Under section 9 of the Corporations Act the term **relevant interest** is defined by reference to sections 608 and 609 of the Corporations Act.

Directors need to exercise care in any assessment of whether they have a notifiable interest in securities that may be held by a third party such as:

(1) an entity (such as a company, partnership or a trust) which they hold shares in;

(2) a spouse; or

(3) a relative, such as a son or daughter.

Under section 608(1) of the Corporations Act, a person has a relevant interest in securities if they:

(1) are the holder of the securities;

(2) have power to exercise, or control the exercise of, a right to vote attached to the securities; or

(3) have power to dispose of, or control the exercise of a power to dispose of, the securities.

Also by virtue of section 608(3):

(1) if a person has in respect of any body corporate, or managed investment scheme, a voting power that is above 20% , then the person is deemed to have the same relevant interests in any securities that the body corporate or managed investment scheme holds in respect of any securities; and

(2) a person, who controls any body corporate, or managed investment scheme, has the relevant interests in any securities that the corporate, or managed investment scheme has.

Under section 608(4), a person controls a body corporate if the person has the capacity to determine the outcome of decisions about the body corporate's financial and operating policies.

It is recommended that a conservative approach be taken in respect of determination of a Director's notifiable interest.

(d) **Provision of information**

Accordingly, each Director must provide the following information as at the date of his or her appointment as a Director:

(1) details of all Securities registered in his or her name, including the number and class of the Securities;

(2) details of all Securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of section 9 of the Corporations Act, including the number and class of the Securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and

(3) details of all contracts to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the Director's interest under the contract.

(e) **Change in interests**

Where a change in the above interests of a Director occurs the Company must advise the ASX of the change in the Director's interests no more than five business days after the change occurs (the appropriate form is ASX appendix 3Y). Directors will need to provide to the Company on an on-going basis, as soon as reasonably possible after the date of the change and, in any event, no later than three business days after the date of the change:

(1) details of changes in Securities registered in the Director's name, including the following:

(A) the date of the change;

(B) the number and class of Securities held before and after the change;

(C) the nature of the change (eg, on-market, off-market);

(D) the consideration paid or received in connection with the change; and

(E) if an off-market transaction, the value of the Securities that are the subject of the change;

(2) details of changes in Securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of section 9 of the Corporations Act, including the following:

(A) the date of the change;

(B) the number and class of Securities held before and after the change;

(C) the name of the registered holder before and after the change;

(D) the circumstances giving rise to the relevant interest;

(E) the nature of the change (eg, on-market, off-market);

(F) the consideration paid or received in connection with the change; and

(G) if an off-market transaction, the value of the Securities that are the subject of the change; and

(3) details of all changes to contracts to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate, including the following:

(A) the date of the change;

(B) the number and class of the shares, debentures or interests to which the interest relates before and after the change;

(C) the name of the registered holder if the shares, debentures or interests have been issued; and

(D) the nature of the Director's interest under the contract.

(f) **Cessation of directorship**

Where a Director ceases to be a Director the Company must notify the ASX of the interests of the Director at the time the Director ceases to be a Director, no more than five business days after the director ceases to be a Director (the appropriate form is ASX appendix 3Z). Directors must supply to the Company as soon as reasonably possible after the date of ceasing to be a Director and, in any event no later than three business days after the date of ceasing to be a Director, the following information:

(1) details of all Securities registered in the Director's name, including the number and class of the Securities;

(2) details of all Securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of section 9 of the Corporations Act, including the number and class of the Securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and

(3) details of all contracts to which the Director is a party or under which he or she is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the Director's interest under the contract.

(g) **Substantial shareholder provisions**

Directors should also be aware of the substantial shareholder provisions contained in section 671B of the Corporations Act which require certain notices to be served on the Company and the ASX when a shareholder has a relevant interest in at least 5% of the issued shares in the Company and any changes of more than 1% to that relevant interest.

3. Company's obligation of disclosure

3.1 General Rule

The general rule, in accordance with ASX Listing Rule 3.1 (which is broadly reflected in Article 17 of MAR and AIM Rule 11), is that once Atlantic is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of Atlantic's securities, Atlantic must immediately (that is, promptly and without delay) disclose that information to ASX and AIM.

3.2 ASX Listing Rules

Where the Company is a Listed entity, the Company must comply with certain continuous disclosure obligations imposed by the Corporations Act and the ASX Listing Rules. Chapter 3 of the ASX Listing Rules requires the Company to provide the ASX with immediate notice of certain material information.

The general disclosure rule imposed on the Company is contained in Listing Rule 3.1 of the ASX Listing Rules:

> *"3.1 Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information."*

ASX Listing Rule 3.1A provides that Listing Rule 3.1 does not apply to particular information while each of the requirements of Listing Rule 3.1A are satisfied.

There is also the "false market"/"rumours" disclosure rule in Listing Rule 3.1B as follows:

> *"3.1B If ASX considers that there is or is likely to be a false market in an entity's securities and asks the entity to give it information to correct or prevent a false market, the entity must immediately give ASX that information."*

The provisions of chapter 3 are reinforced by chapter 6CA of the Corporations Act. In particular, section 674(2) provides that if:

(a) provisions of the listing rules of a listing market in relation to an entity require an entity to notify the market operator of information about specified events or matters as they arise for the purpose of the operator making that information available to participants in the market;

(b) the entity has information that those provisions require the entity to notify to the market operator; and

(c) that information:

(1) is not generally available; and

(2) is information that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities of the entity,

the entity must notify the market operator of that information in accordance with those provisions.

It is therefore essential that Directors acquaint themselves not only with their personal obligations of disclosure, but also the disclosure obligations imposed on the Company.

3.3 The disclosure obligation

Under the provisions of Listing Rule 3.1 and the AIM Rules, the Company is required to immediately notify the ASX and the AIM of any information concerning the Company of which it is, or becomes, aware, and which a reasonable person would expect to have a material effect on the price or value of the Company's shares.

(a) When is the Company aware of information?

The Listing Rules provide that the Company is aware of information if a Director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of his or her duties as a Director or executive officer of the Company.

An "executive officer" of the Company means a person who is concerned in, or takes part in, management of the Company. A person can be an executive officer regardless of his or her designation, and irrespective of whether or not the person is a Director.

(b) The meaning of immediately

The ASX has issued a guidance note that provides guidance on how the ASX interprets the word "immediately" in the context of disclosure. The guidance note provides that the word "immediately" should not be read as meaning instantaneously, but rather as meaning promptly and without delay. Doing something promptly and without delay means doing it as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay).

The ASX recognises that the following circumstances may dictate how quickly an entity can give an announcement of particular information to the ASX and will take them into consideration when assessing whether an entity has complied with its disclosure obligations:

(1) where and when the information originated;

(2) the forewarning (if any) the entity had on the information;

(3) the amount and complexity of the information concerned;

(4) the need in some cases to verify the accuracy or bone fides of the information;

(5) the need for an announcement to be carefully drawn so it is accurate, complete and not misleading;

(6) the need for an announcement to comply with specific legal or listing rule requirements, such as the requirement for an announcement that relates to mining or oil and gas activities to comply with chapter 5 of the Listing Rules; and

(7) the need in some cases for an announcement to be approved by the entity's board or disclosure committee.

(c) **What information has a material effect on price?**

The effect of information on the price or value of the Company shares is to be judged by the expectations of a "reasonable person". A reasonable person would expect information to have a material effect on the price or value of the Company shares if the information would, or would be likely to, influence investors who commonly invest in shares in deciding whether or not to deal in the Company shares.

ASX Guidance Note 8 states that an officer faced with a decision on whether information needs to be disclosed under Listing Rule 3.1 may find it helpful to ask two questions in deciding whether information is information that a reasonable person would expect to be disclosed:

(1) Would this information influence my decision to buy or sell securities at their current market value?

(2) Would I feel exposed to an action for insider trading if I were to buy or sell securities in the entity at their current market price, knowing this information had not been disclosed to the market?

If the answer to either question is "yes", then that should be taken to be a cautionary indication that the information may be market sensitive and, if the carve-out from immediate disclosure in Listing Rule 3.1A does not apply, may need to be disclosed under Listing Rule 3.1.

The Company and each Director should be aware of ASX policy with respect to the disclosure of material information relating to the:

(1) financing arrangements of the Company; and

(2) existence and terms of any finance arrangements that may be in place in relation to a Director's shareholdings (for example margin loans).

(d) **Trading halts**

Where the Company is or will be trading at any time after it first becomes obliged to give market sensitive information to the ASX under Listing Rule 3.1 and the AIM under the AIM Rules and before it can give an announcement with that information to the ASX and the AIM for release on the market, the Company should consider requesting a trading halt to ensure its Securities are not being traded on an uninformed basis.

The Chairperson and the Managing Director (or Chief Executive Officer) are authorised to make a decision to request a trading halt. In the absence of the Chairperson or the Managing Director (or Chief Executive Officer), the Chief Financial Officer, the Company Secretary or a Director are each authorised to make a decision to request a trading halt. An authorised person will endeavour to consult with the Chairperson and as many Board members as practicable regarding the decision to request a trading halt. No other employees are authorised to request a trading halt or suspension on behalf of the Company.

The Company will have a template letter requesting the ASX and the AIM to grant a trading halt ready for use at all times. The Company will ensure that the ASX and the AIM can always contact someone who can speak on behalf of the Company.

(e) **Finance arrangements**

Where the Company has in place or enters into new material financing arrangements or alters existing material financing arrangements which include terms that may be activated on the occurrence of certain events (particularly those beyond the control of the Company, such as market events) disclosure may be required under Listing Rule 3.1 at the time of entry or alteration on the time any such term is activated or becomes likely to be activated.

The disclosure required may include the nature and terms of the arrangements, the trigger event, any other material information such as any impact that triggering of the term may have on the Company's relationship with its bankers, or financial position or financial performance. It may also be appropriate in some circumstances for the Company to request a trading halt if the Company is unable to immediately release the information.

(f) **Employment Contracts**

Listing Rule 3.16.1 requires the Company to immediately tell the ASX of a change of Chairperson, Director, Chief Executive Officer (or equivalent), or Company Secretary. In addition, Listing Rule 3.16.4 requires the Company to immediately disclose the material terms of any employment, service or consultancy agreement (or any variation to such agreement) it or a related entity enters into with its Chief Executive Officer, Directors or a related party of its Chief Executive Officer or any Director.

(g) **Margin loans**

Listing Rule 3.19A and 3.19B require the Company to disclose the notifiable interests of a Director within five business days of the appointment or resignation of the Director or a change occurring to the notifiable interests. Information about shareholders and their shareholdings can be material under Listing Rule 3.1 and require immediate disclosure.

A Director must disclose to the Company any financial arrangements or margin loan the Director has entered into in respect of any Securities which the Director holds in the Company. Such disclosure by the Director should be on entering into the arrangements and should include key terms of the arrangements, including the number of Securities involved, the trigger points, any right of the lender to sell unilaterally and any other material details.

Where a Director has entered into a margin loan or similar funding arrangements, the Company may be under an obligation under Listing Rule 3.19A to disclose the key terms of the arrangements, including the detail of the contract, the nature of the interest, the interest acquired and disposed, and the value/consideration.

In certain circumstances a margin loan may be required to be immediately disclosed under Listing Rule 3.1. Determining whether a margin loan arrangement is material and requires immediate disclosure is a matter which the Company must decide having regard to the nature of its operations and the particular circumstances of the Company.

3.4 **Ramifications of failing to comply**

The ramifications of failing to comply with the continuous disclosure obligations under Listing Rule 3.1 are extremely serious, and may result in the following actions being taken:

(a) **Removal from the ASX**

The ASX may at any time remove the Company from the Official List of the ASX if the Company breaks a Listing Rule.

(b) **Criminal liability**

Under the Corporations Act, a failure to make a disclosure under Listing Rule 3.1 amounts to a criminal offence and may result in a fine of 6,000 penalty units for a corporation ($1,260,000 as at the date of adoption of this Policy).

In addition, individuals who are "involved" in the contravention (who would include officers or advisers who aid, abet, counsel, procure or are knowingly concerned in the contravention) are also liable. The maximum penalty for individuals is 600 penalty units ($126,000 as at the date of adoption of this Policy), or imprisonment for five years, or both.

(c) **Civil liability**

Civil liability for a failure to disclose and may result in a fine for the Company of up to the greater of:

(1) 50,000 penalty units ($10,500,000 as at the date of adoption of this Policy);

(2) if the court can determine the benefit derived or detriment avoided because of the contravention, that amount multiplied by 3 (as at the date of adoption of this Policy); or

(3) either:

(A) 10% of the body corporate's annual turnover during the 12 month period ending at the end of the month in which the body corporate committed, or began committing, the offence; or

(B) if the amount worked out under 3.4(c)(3)(A) above is greater than 2,500,000 penalty units, 2,500,000 penalty units ($525,000,000 as at the date of adoption of this Policy).

Alternatively, ASIC may, by administrative action, issue an infringement notice of up to $100,000 (as at the date of adoption of this Policy).

Individuals who are involved in the breach may also face fines of up to the greater of 5,000 penalty units ($1,050,000 as at the date of adoption of this

Policy) or, if the court can determine the benefit derived or detriment avoided because of the contravention, that amount multiplied by 3.

A person who suffers loss or damage as a result of such failure may recover that loss or damage from the Company, or against "any person involved in the contravention". This could include the Directors or executive officers of the Company.

(d) **Exemption from disclosure**

The Listing Rules provide that the Company does not need to disclose information under Listing Rule 3.1A if **each** of the following is satisfied:

(1) one or more of the following applies (Listing Rule 3.1A.1):

(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 internal management purposes of the Company; or

(E) the information is a trade secret;

(2) the information is confidential (Listing Rule 3.1A.2); and

(3) a reasonable person would not expect the information to be disclosed (Listing Rule 3.1A.3).

It must be noted that the above exemption from the requirement to make disclosure only operates while all three elements are satisfied. If any of the requirements cease to be satisfied, the Company must disclose the information immediately.

By way of example, if information that has not been disclosed by relying on the exemption becomes known in some way to participants in the market, then it **must** be given to the ASX for release to the market, as it would no longer satisfy the confidentiality requirement. It does not matter how the matter became known in the market.

Looking at each of the three elements that must be established for information to be exempt from disclosure:

(1) **One of the elements in Listing Rule 3.1A.1**

One of the five elements in Listing Rule 3.1A.1 must also be established. These elements are:

(A) it would be a breach of the 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 internal management purposes of the Company; or

(E) the information is a trade secret.

(2) **Confidentiality (Listing Rule 3.1A.2)**

Listing Rule 3.1A.2 has two components: (1) the information must be confidential; and (2) the ASX has not formed the view that the information has ceased to be confidential.

The word confidential in the context of Listing Rule 3.1A.2 means "secret". Information will be confidential for the purposes of that Listing Rule if:

(A) it is known to only a limited number of people;

(B) the people who know the information understand it is to be treated in confidence and only used for permitted purposes; and

(C) those people abide by that understanding.

The mere fact that a confidentiality agreement has been entered into will not automatically satisfy this element. When negotiating a potentially market sensitive transaction the Company should be monitoring market prices of the Company and other parties involved in the transaction, newspapers, investor blogs and other social media for signs that the transaction may no longer be confidential and have a draft letter to the ASX requesting a trading halt and a draft announcement about the negotiations ready to send the ASX to cater for that eventuality. Any unusual activity in the Company's shares may also suggest that the information is no longer confidential, in which case, an announcement should be released or the Company should request an immediate trading halt.

(3) **A reasonable person would not expect the information to be disclosed (Listing Rule 3.1A.3)**

A reasonable person would not expect information to be disclosed if the result would be to cause unreasonable prejudice to the Company. Similarly, a reasonable person would not expect disclosures of an inordinate amount of detail.

As a general rule, information that falls within the prescribed categories in Listing Rule 3.1A.1 and that meets the confidentiality requirements in Listing Rule 3.1A.2 will also satisfy the reasonable person test in Listing Rule 3.1A.3.

3.5 **Applying the exemption in practice**

The exemption from disclosure would apply, for example, to information which is confidential, which a reasonable person would not expect to be disclosed, and which falls within any one of the categories of Listing Rule 3.1A.3 which may include matters such as:

(a) proposed acquisitions or disposals or other commercial arrangements in the process of negotiation;

(b) internal budgets and forecasts;

(c) management accounts;

(d) business plans;

(e) internal market intelligence;

(f) information prepared for lenders; or

(g) dispute settlement negotiations.

It is possible to foresee, however, matters which are commercially sensitive, the disclosure of which would be detrimental to the Company, which may be required to be disclosed because they do not fall within the exemptions. For example: (0)

(a) a serious claim against the company prior to the commencement of proceedings;

(b) an investigation or allegation by a regulatory body (that is not being disputed by the Company);

(c) information about a "complete" proposal;

(d) terms of settlement of a dispute which the parties wish to keep confidential, and which is not supported by a Court order of confidentiality; or

(e) material terms of a trading agreement with a major supplier.

Whether these sorts of matters will fall within any of the exceptions will depend on, and require, an assessment of the particular facts.

The Listing Rules and accompanying Guidance Notes issued by the ASX provide a number of examples of matters that may require disclosure.

3.6 **ASX policy**

The ASX has issued Guidance Note 8 in relation to continuous disclosure under Listing Rules 3.1 - 3.1B. Although not necessarily binding on the ASX, the Guidance Note gives some insight into the factors the ASX will take into consideration when determining if a Company has complied with its continuous disclosure obligations and provides worked examples of the operation of Listing Rule 3.1.

(a) **Prime importance**

The ASX states that timely disclosure of relevant information is of prime importance to the operation of an efficient market. The fundamental principle under which the Listing Rules operate is that "*timely disclosure of market sensitive information is essential to maintaining and increasing the confidence of investors in Australian markets, and to improving the accountability of company management*."

(b) **Continuous disclosure practice**

The Listing Rules make it clear that all Listing Rules (including Listing Rule 3.1A) must be complied with in the "spirit" of continuous disclosure. The ASX states that the Listing Rules are not intended to be interpreted in a legalistic or restrictive manner.

(c) **Market speculation**

The ASX notes that from time to time it may be necessary to respond to speculation (whether this be a report or rumour) in order for the market to remain properly informed.

The ASX states that it does not expect companies to respond to all comments made in the media, or to respond to all market speculation. However, when the comment or speculation appears to be based on credible market sensitive information (whether that information is accurate or not) and the market moves in a way that appears to

reference the comment or speculation, the Company should make a statement in response to ensure the market remains properly informed.

It is ASX policy that whatever the information, and however much it might otherwise have been reasonable not to disclose it, the information should be released to the whole market once it becomes known to any part of the market.

(d) **ASX review**

In considering whether information is sufficiently material to require disclosure, it is important to bear in mind the test the ASX will apply when analysing the Company's actions after the disclosure might have otherwise been made.

In particular, if information is announced later than when the ASX thinks it should have been and the trading in the lead up to, and shortly after, the announcement suggests that it has moved the market price of the Company's Securities (relative to other Securities in the same sector) by:

(1) 10% or more, the ASX will generally regard that as confirmation that the information was market sensitive; or

(2) 5% or less, the ASX will generally regard that as confirmation that the information was not market sensitive.

The ASX has also set out in the notes to Listing Rule 3.1 a number of specific circumstances that may require disclosure under Listing Rule 3.1.

(e) **Disclosure of information to brokers and the media**

Listing Rule 15.7 has the effect that the Company must not release information which is for release to the market to any person (including the media, even on an embargoed basis) until it has given the information to the ASX, and has received an acknowledgement that the ASX has released it to the market.

With respect to analysts, the ASX states that a company must only disclose public information in answering analysts' questions, or reviewing analysts' draft reports. The ASX states that it is inappropriate for a question to be answered, or a report corrected, if doing so involves providing material information that is not public. The ASX states that when analysts visit a company, care should be taken to ensure that they do not obtain material information that is not public.

3.7 **Information disclosure program procedures**

As will be apparent from the above, it is essential for the Company to design a disclosure system to ensure:

(a) a breach of Listing Rule 3.1A does not occur;

(b) a breach of the AIM Rules does not occur; and

(c) that information is made available to all investors equally.

3.8 **Directors and executive officers**

Each of the following personnel (**Reporting Group**) will need to participate in the "continuous disclosure" system, because information in their possession will need to be considered to comply with the continuous disclosure obligation:

(a) the Directors;

(b) Managing Director or Chief Executive Officer; and

(c) Chief Financial Officer and Company Secretary.

3.9 **Overseeing and co-ordinating disclosure**

The Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary will individually and collectively be responsible for:

(a) ensuring the Company complies with its continuous disclosure obligations (ie, market sensitive material);

(b) overseeing and co-ordinating disclosure of information to the ASX and the AIM;

(c) reviewing information to be provided to analysts, brokers, the media and the public, to be able to ensure any market sensitive material has been released to the ASX and the AIM;

(d) overseeing and co-ordinating any request for a trading halt for the purpose of dealing with a potential disclosure issue; and

(e) educating Directors, Management and employees on the Company's disclosure policy and raising awareness of the principles underlying continuous disclosure.

3.10 **Information collecting procedures to ensure Listing Rule 3.1A and AIM Rule 11 (market sensitive information) is identified**

The responsibilities of each member of the Reporting Group are:

(a) to ensure all notifiable (market sensitive) information is kept confidential within the Reporting Group;

(b) to collect and forward to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be, all information which is, or may be required to be disclosed and consult with them if in doubt; and

(c) to make senior personnel within his or her area of responsibility aware of the Company's disclosure obligations to ensure that all relevant information is provided to them.

3.11 **Releasing information to the ASX and AIM**

The system for releasing information to the ASX and the AIM for the Company is as follows:

(a) As soon as an employee becomes aware of information which they believe may need to be disclosed on the basis of the principles described in this Policy, he or she must immediately notify a member of the Reporting Group.

(b) When any member of the Reporting Group becomes aware of information which he or she believes may need to be disclosed on the basis of the principles described in this Policy, they should immediately contact and give full details to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be.

(c) The Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be, will take the following steps in relation to information forwarded to them:

(1) assess whether disclosure is required and as part of this, when circumstances require, consider whether it is necessary to call a trading halt;

(2) consult the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary and, as necessary other Directors and advisers (including the ASX and the AIM);

(3) if required, and in consultation with the other Directors and the Company Secretary, prepare a market release for submission to the ASX and the AIM and have this reviewed and approved by the Chairperson and the Managing Director (or Chief Executive Officer), or if one of them is not available, another Director in their place;

(4) forward the release to the ASX and the AIM once appropriate approval for the release has been obtained;

(5) post the market release on the Company's website once confirmation is received from the ASX and the AIM that it has been released to the market; and

(6) promptly provide a copy of all material market releases to the Board.

(d) Prior to each meeting of the Board, the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary should contact the executive members of the Reporting Group to confirm that there is no material requiring disclosure.

(e) The Board papers for each meeting should include an agenda item entitled "Continuous Disclosure". In this item, the Chairperson, Managing Director, Chief Executive Officer and Company Secretary should either:

(1) confirm that there was no material brought to his or her attention requiring disclosure for the preceding month; or

(2) outline material which has been disclosed.

3.12 **Company spokespersons**

To maintain control over disclosures, only the following persons will be authorised to speak on the Company's behalf to analysts, brokers and institutional investors, and to respond generally to shareholder queries:

(a) Chairperson;

(b) Managing Director (or Chief Executive Officer);

(c) Chief Financial Officer;

(d) Company Secretary; and

(e) any other persons authorised by the Chairman, Managing Director or Chief Executive Officer.

To safeguard against inadvertent disclosure of non-public information to brokers, investors, analysts and institutions prior to it being disclosed to the ASX and the AIM, the spokesperson must make contact with the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary prior to making contact with these persons in order that they can be briefed on what has been disclosed by the Company to the ASX and the AIM.

Any person speaking on behalf of the Company should only discuss information that has been released to the ASX or the AIM or is not of a material nature. They should decline to respond, or take on notice, any question the answer to which would require disclosure of material information until the information has been disclosed to the ASX or the AIM.

3.13 **Discussions with analysts or investors**

The following guidelines apply in relation to briefings or other conferences with analysts or investors:

(a) information which is, or may be market sensitive, that has not been announced to the ASX and AIM and the market must not be disclosed at these briefings, either verbally or in writing;

(b) the Company will not selectively release information to any investor, analyst or journalist and all employees involved in conducting briefings or attending conferences shall take appropriate steps to ensure that no selective information release occurs;

(c) if a question raised during the briefing or conference can only be answered by disclosing market sensitive information which has not previously been disclosed to the ASX and AIM, the employee must decline to answer the question and take the question on notice;

(d) a review of the content of briefings and discussions with analysts shall be undertaken promptly after the briefing or discussion by an employee of the Company or Director who was present, to check if any market sensitive information that was not previously disclosed may have been inadvertently disclosed;

(e) if an employee of the Company or a Director present at a briefing or a conference considers that market sensitive information that was not previously disclosed may have been inadvertently disclosed during the briefing, he or she must immediately notify a member of the Reporting Group; and

(f) a copy of all presentation material will be disclosed through the ASX and AIM prior to the briefing and placed on the Company's website after the briefing.

3.14 **Authorising disclosures in advance**

Again, to avoid an inadvertent breach of the continuous disclosure obligations, materials to be presented and issues to be discussed at any external presentation must be discussed with the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary prior to the presentation in order that the presenter can confirm that no non-public material information is being disclosed.

3.15 **Maintenance of released material**

The Company Secretary will maintain a register of information disclosed to the ASX and the AIM.

3.16 **Company website**

Information released to the ASX and the AIM should also be disclosed on the Company's website. In addition, it is good practice to include on the Company's website other materials presented to analysts and institutions.

3.17 **Handling rumours, leaks and inadvertent disclosures**

It should be noted that any unauthorised leak of information may place the Company in breach of the Listing Rules or the AIM Rules and could expose persons to allegations of insider trading.

If external contact is made seeking clarification of a rumour in the market place, the inquiry should be referred to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary. The recommended response to such inquiries is that "the Company does not respond to market rumours". Consideration will then be given by the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary as to whether a public announcement is required.

The Reporting Group should notify the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary of any unauthorised disclosure of information (even if not regarded as publicly sensitive). Consideration will then be given to the need to make disclosure to the ASX or the AIM.

3.18 **Reviewing discussions**

To ensure no price sensitive material has been inadvertently disclosed, the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary should be kept appraised of the contents of any substantive contact with analysts, brokers and institutional investors.

3.19 **Draft reports**

Typically, analysts will seek to obtain a review of draft analyst reports from the Chief Financial Officer (or Chief Executive Officer). It is permissible to comment on errors in factual information and underlying assumptions, but comment on price sensitive information should be avoided. In addition any response should be given in a way that avoids suggesting that the Company's or the market's projections are incorrect.

3.20 **Periodic disclosure**

In additional to the Corporations Act obligations, Chapter 4 of the ASX Listing Rules and Rule 18 and 19 of the AIM Rules requires Listed entities to prepare and disclose annual and half yearly financial reports. The Company (where Listed) is required to release a preliminary final report in the form of an Appendix 4D. The continuous disclosure policy applies equally to the periodic disclosure requirements.

4. Definitions

AIM means Alternative Investment Market.

AIM Rules means the AIM Rules for Companies, being the official listing rules of AIM as amended or replaced from time to time.

Anti-bribery and Corruption Policy means the policy developed from time to time by the Board establishing controls to ensure compliance with all applicable anti-corruption laws and regulations, and to ensure that the Company conducts business in a socially responsible manner.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ABN 98 008 624 691.

ASX Listing Rules or Listing Rules means the Official Listing Rules of the ASX as amended or replaced from time to time.

Board means board of Directors of the Company.

Chairperson means the chairperson of the Board.

Chief Executive Officer means the person (if any) engaged by the Company in the role of the chief executive officer of the Company.

Chief Financial Officer means the person (if any) engaged the Company in the role of the chief financial officer of the Company.

Companies Act means the *Companies Act 2006* of the United Kingdom, as amended from time to time.

Company means Atlantic Lithium Limited ACN 12 215 132.

Company Secretary means a person appointed by the Company to be the company secretary.

Constitution means the constitution of the Company.

Corporate Ethics & Continuous Disclosure Policy means the policy adopted by the Company in this document, which sets out directors' duties given their position with the Company, obligations with respect to trading in securities and general disclosure obligations.

Corporate Governance Policy means the corporate governance policies and procedures adopted by the Company from time to time.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a director of the Company.

Listed means admitted to the Official List of the ASX.

Management means the executive Directors and senior management of the Company.

Managing Director means the Director (if any) engaged by the Company in the role of the managing director of the Company.

Official List means the official list of the ASX.

Reporting Group has the meaning set out in section 3.8.

Securities has the meaning given in section 92 of the Corporations Act.

Trading Policy means the policy developed from time to time by the Board setting out the procedure for trading in Securities of the Company by Directors, managerial staff, employees and any other persons who may be associated with the Company.

5. Policy Management

5.1 Approval and Review of Policy

Approval of this Policy is vested with the Board.

Reviews of this Policy are the responsibility of the Board, and will be conducted annually. This is to ensure that the Policy remains consistent with the Corporations Act, the ASX Listing Rules, the United Kingdom's Market Abuse Regulation and Companies Act, and the AIM Rules

and all other relevant legislative and regulatory requirements, as well as the changing of the Company.

5.2 Policy revision and distribution

Version	
Date approved	
Author	
Description of revision	
Internal distribution Date Recipient/s	

5.3 Policy history

Policy owner	**Atlantic Lithium Limited ABN 17 127 215 132**
Policy author	
Version	
Status	
Effective Date	
Review Period	
Next Review date	
Document Location	

5.4 Policy Approval

Business unit or department	Title	Date
	…… Signature	……/……./20……