

AVOCA RESOURCES LIMITED

ABN 30 097 083 282

CODE OF CONDUCT FOR DIRECTORS AND KEY EXECUTIVES

The Board has adopted a Code of Conduct for Directors and key executives to promote ethical and responsible decision making. The code is based on a code of conduct prepared by the Australian Institute of Company Directors.

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company:

- will act honestly, in good faith and in the best interests of the whole Company;^{*}
- owe a fiduciary duty to the Company as a whole;
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;^{*}
- will undertake diligent analysis of all proposals placed before the Board;
- will act with a level of skill expected from Directors and key executives of a publicly listed company;
- will use the powers of office for a proper purpose, in the best interests of the Company as a whole;^{*}
- will demonstrate commercial reasonableness in decision making;
- will not make improper use of information acquired as Directors and key executives;^{*}
- will not disclose non-public information except where disclosure is authorised or legally mandated;[†]
- will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;^{*}
- will not take improper advantage of the position of Director^{*} or use the position for personal gain or to compete with the Company;[†]
- will not take advantage of Company property or use such property for personal gain or to compete with the Company;[†]
- will protect and ensure the efficient use of the Company's assets for legitimate business purposes;[†]
- will not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;^{*}
- have an obligation to be independent in judgment and actions, and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;^{*}
- will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- will not engage in conduct likely to bring discredit upon the Company;^{*}

- will encourage fair dealing by all employees with the Company's suppliers, competitors and other employees;[†]
- will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;[†]
- will give their specific expertise generously to the Company; and
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code;^{*}

([†]From the *AICD Code of Conduct*)

([†]From the ASX Corporate Governance Council's *Principles of Good Corporate Governance*)

This Code was adopted by the Avoca Resources Limited Board on 27 September 2004.