



OCEANIA CAPITAL PARTNERS LIMITED

ABN 52 111 554 360

Related Party Transactions Policy

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Introduction

Each related party transaction between Oceania Capital Partners Limited ("OCP") and a related party will be dealt with and monitored in accordance with the following principles:

- the transaction must be in compliance with the relevant statutory, regulatory and listing rules applicable to related party transactions;
- the terms and conditions of the transaction must be reasonable in the circumstances as if the related party was dealing at arms length; and
- the transaction must be considered by the Board of OCP, or the Chairman if between meetings.

Definitions

For this policy the following definitions apply:

- **associate**, in summary, includes:
 - for a body corporate, its directors, secretary, related bodies corporate and directors and secretary of such related body corporate;
 - persons who are or propose to act in concert, or who propose to become associated; or
 - where the context is the power to control votes and determine relevant interests, a person or entity controlled by, or which controls, the other person or entity, or is subject to the common control of a third person or entity.
- **control** exists where an entity has the capacity to determine the outcome of decisions about another entity's financial and operating policies, taking into account any practical influence and behaviour (rather than simply legal rights).
- a **related party** is widely defined and includes any member of the OCP Group as follows:

- controlling entities
 - directors of OCP and controlling entities and their spouses, de facto spouses, parents or children
 - entities controlled by any of the related parties listed directly above
 - any entity or person above that was a related party in the previous 6 months, or which is likely to become such a party in the future
 - any entity or person acting in concert with a related party as listed directly above
 - a non wholly-owned subsidiary
 - a substantial shareholder, if that party together with associates, has had a voting interest in OCP at any time in the previous 6 months of at least 10%
 - any associate of the related parties above
 - the Manager
- a **substantial asset** is one worth 5% or more of OCP's shareholders' funds.

Listing rules

OCP will adhere to ASX listing rules on related parties. These rules can be summarised broadly as follows:

- a) neither OCP, nor any of its subsidiaries or entities which it controls, will acquire a substantial asset from, or sell a substantial asset to, a related party without shareholder approval.
- b) OCP must not issue equity securities without shareholder approval to a related party unless under a pro-rata issue, under a dividend reinvestment plan set out in a prospectus or otherwise approved by shareholders or under an approved issue under an employee incentive scheme
- c) OCP must not permit a director or an associate of the director to underwrite a dividend reinvestment plan
- d) OCP must not increase the total amount of directors' fees payable by it or a subsidiary or other entity which it controls without shareholder approval. (Note: the nature of OCP's business activities is such that this rule will be applied in respect of wholly owned subsidiaries or entities. Subsidiaries or entities that are not wholly owned may appoint non-OCP related directors to their boards on remuneration arrangements agreed between that entity and the non-OCP related director).
- e) OCP must ensure that no officer will be entitled to a termination benefit if a change occurs in the shareholding or control of OCP, any subsidiary or other entity which it controls
- f) OCP must ensure no officer of OCP, a subsidiary or other entity which it controls, is entitled to termination benefits which, together with those of other officers, exceed 5% of the shareholders' funds of OCP without shareholder approval

The ASX may extend the application of these rules to a person whose relationship with OCP is such that the restrictions should apply.

Related Party Transactions in the Law

The Corporations Act Chapter 2E imposes a prohibition on certain entities (such as public companies) giving financial benefits to related parties without member approval.

Examples of financial benefits include:

- giving or providing the related party finance or property;
- buying an asset from, or selling an asset to, the related party;
- leasing an asset from or to the related party;
- supplying services to or receiving services from the related party (eg. management contracts);
- issuing securities or granting an option to the related party;
- taking up or releasing an obligation of the related party.

Member approval will not be needed to give a financial benefit:

- in the case of public companies (but no managed investment schemes) to a closely held subsidiary (for example, transactions between wholly owned group companies); or
- on terms that would be reasonable in the circumstances if the public company, or entity, and the related party were dealing at arms length.

OCP will adhere to the Corporations Act requirements on related party dealings. These can be summarised broadly as follows:

- a) all dealings with related parties of OCP or entities it controls are to be at arms length terms, otherwise member / shareholder approval may be required. Arms length terms can be summarised as terms that would be reasonable in the circumstances if the parties dealing with each other were not related
- b) before completing a related party transaction the following issues must be satisfied:
 - i. the terms and conditions of the transaction must be reasonable in the circumstances if the entity and the related party were dealing at arms length; and
 - ii. the Board of OCP or its delegate must be satisfied that the transaction is in the best interests of both parties
- c) financial benefits to directors and other employees are to comprise only:
 - reasonable remuneration for duties to OCP as an officer or employee
 - payment for expenses incurred in performing these duties
 - payment for insurance or provision of an indemnity in respect of a liability incurred as an officer of the company which is reasonable in the circumstances
 - as a shareholder, a benefit on terms consistent with other shareholders
- d) OCP will not exempt a person from a liability to the company incurred as an officer, employee or auditor of the company
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- e) expenses incurred by OCP in the entertainment of employees and members of their families are to be incurred cautiously and kept to levels that would be considered professionally reasonable

Compliance

It is the accountability of the CFO to apply this Policy at all times and to bring any exceptions to this Policy to the attention of the Board.

Reporting to the AFRC or Board on this Policy will be as follows:

1. any breaches of Policy will be reported to the Board meeting immediately following the breach
2. management will provide a Related Party Transaction Update at each meeting of the AFRC
3. management will report to the AFRC meeting in May of each year on overall compliance with the Policy