



Board Charter

Sarama Resources Ltd.

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Board Charter

Introduction

The Board of Sarama Resources Ltd. (**Company**) (**Board**) has the ultimate responsibility to its shareholders for the strategy and performance of the Company in general. The Board is dedicated to fulfilling these duties in a lawful and professional manner, and with the utmost integrity and objectivity. As such, the Board actively pursues best practice governance processes.

Good governance policies and processes are critical for ensuring that the Company is governed in the best interests of the Company as a whole. With this point in mind, the Board has decided to articulate and formalise the corporate governance framework within which the Company operates.

This document outlines the Company's corporate governance policy in the form of a Board Charter, which is a written policy document that defines the respective roles, responsibilities and authorities of the Board, both individually and collectively, and of management in setting the direction, management and the control of the organisation. As such, it establishes the guidelines within which the Directors and officers are to operate as they carry out their respective roles. It does not in any way constitute legal advice or act as a substitute for legal advice.

The Board is cognisant of the Company's current size, nature and scale of activities and that it currently may not comply with all of the Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council. However, the Company will state in its annual report to shareholders its current position on these matters and a regular review will be undertaken to assess the applicability of the current procedures.

The purpose of this Board Charter is to document the policies upon which the Board has decided to meet its legal and other responsibilities.

The Company's Board Charter has four major sections:

- (a) Part A – Defining Governance Roles;
- (b) Part B – Board Processes;
- (c) Part C – Key Board Functions; and
- (d) Part D – Continuing Improvement.

While it is acknowledged that good governance is an important component of a successful company, it is also recognised that it is contingent upon the context in which it is practiced. Therefore, corporate governance needs to be a dynamic process. This Charter will need to be regularly reviewed and updated to reflect changes in the legal framework within which the Company operates, and amendments and developments in Board policies and procedures. It is the responsibility of the Company Secretary to ensure that the Board is consulted regarding any changes and updates, that the Charter is kept current and is reviewed and amended on a yearly basis, and that all Board members are provided with the latest versions of the Charter.

The Company recognises the overriding importance of its legal obligations which arise from various sources. Accordingly, nothing in this Charter must conflict with:

- the Company's Notice of Articles and Articles (**Constituting Documents**),
- the *Business Corporations Act* (British Columbia) (**BCBCA**),
- the TSX Venture Exchange *Corporate Finance Policies*,
- the Australian Securities Exchange (**ASX**) *Listing Rules*,
- the *Securities Act* (British Columbia) and the instruments and rules adopted thereunder, together with the equivalent requirements in other Canadian Provinces, or
- the Australian *Corporations Act* (Cth) (**Corporations Act**).

If such a conflict occurs, the relevant provisions of those instruments shall prevail.

Any reference to gender in this Charter should be interpreted as applicable to both males and females.

Part A - Defining Governance Roles

1. The role of the Board

- 1.1 The Board is ultimately responsible for all matters relating to the running of the Company.
- 1.2 The Board's role is to supervise the management of the business and affairs of the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. Thus, except when dealing with specific management delegations of individual Directors (particularly Executive Directors), it is incorrect to think that the Board manages the Company on a day to day basis.
- 1.3 The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies and practices of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.
- 1.4 Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:
- (a) providing leadership to the Company by:
 - (i) defining the Company's purpose;
 - (ii) approving the Company's Code of Conduct to underpin the desired culture within the Company; and
 - (iii) always acting in a manner consistent with the Company's culture and Code of Conduct;
 - (b) overseeing the development and implementation of an appropriate strategy, the instilling of the Company's values and performance by:
 - (i) working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place;
 - (ii) regularly reviewing and amending or updating the Company's strategic direction and goals;
 - (iii) ensuring that an appropriate set of internal controls are implemented and reviewed regularly;

- (iv) ensuring an appropriate framework exists for relevant information to be reported by the management to the Board;
 - (v) when required, overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets; and
 - (vi) reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis;
- (c) overseeing the control and accountability systems that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;
- (d) ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chair, being the key interface between the Company and its shareholders;
- (e) ensuring the integrity of the Company's accounting systems including the external audit;
- (f) ensuring robust and effective risk management (for both financial and non-financial risks), compliance, continuous disclosure and control systems (including legal compliance) are in place and operating effectively;
- (g) appointing, and where necessary removing and/or replacing, the Chair;
- (h) being responsible for the Company's senior management and personnel including:
- (i) directly managing the performance of the Managing Director and Chief Executive Officer (**MD/CEO**) including:
 - (A) appointing and remunerating the MD/CEO;
 - (B) providing advice and counsel to the MD/CEO including formal reviews and feedback on his or her performance; and
 - (C) overseeing the development or removal of the MD/CEO, where necessary;
 - (ii) ratifying the appointment, the terms and conditions of the appointment and, where appropriate, removal of the Chief Financial Officer (**CFO**) and/or Company Secretary and other senior executives;
 - (iii) ensuring appropriate checks are undertaken prior to the appointment of directors and senior executives;

- (iv) ensuring that an appropriate succession plan for the MD/CEO, CFO and Company Secretary is in place; and
 - (v) when required, ensuring appropriate human resource systems (including OH&S systems) are in place to ensure the well-being and effective contribution of all employees;
 - (i) ensuring that the Company's remuneration and nomination policies are aligned with the entity's purpose, values, strategic objectives and risk appetite;
 - (j) delegating appropriate powers to the MD/CEO, management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers, subject to the limitations on delegating the authority of the Board in the BCBCA and the Constatng Documents;
 - (k) ensuring Directors receive briefings on material developments in laws, regulations and accounting standards relevant to the Company;
 - (l) where required, challenging management and holding it to account; and
 - (m) making all decisions outside the scope of these delegated powers.
- 1.5 The detail of some Board functions will be handled through Board Committees as and when the size and scale of operations requires such committees. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

2. Board structure

2.1 Number of Directors

- (a) The Board has determined that, consistent with the size of the Company and its activities, the Board shall be comprised of a minimum four Directors, at least three of whom shall be independent and non-executive.
- (b) The Board's policy is that the majority of Directors shall be independent, non-executive Directors at a time when the size of the Company and its activities warrants such a structure. This will ensure that all Board discussions or decisions have the benefit of outside views and experience, and that the majority of Directors will be free of any interests or influences that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.
- (c) The Board has adopted the definitions of independence set out in:
 - (i) Canadian National Instrument 52-110 – *Audit Committees*; and
 - (ii) the ASX Corporate Governance Council *Corporate Governance Principles and Recommendations* (4th Edition).

- (d) The independence of the Company's Non-Executive Directors will be assessed on an ongoing basis.
- (e) In the opinion of the Board, all Directors should bring specific skills and experience that add value to the Company.
- (f) When considering the potential reappointment of an existing director, the Board will consider its skills matrix which sets out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.
- (g) When considering vacancies, the Board will consider a candidate's capacity to enhance the skills matrix and experience of the Board.

2.2 Appointment of Directors

The Company will undertake appropriate checks before appointing a person and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

2.3 Written agreement

The Company shall have a written agreement with each Director and senior executive setting out the terms of their appointment. The agreement should be with the Director or senior executive personally unless the Company is engaging a bona fide professional services firm.

The written agreement should include:

- (a) the requirement to disclose director's interests and any matters which could affect the director's independence;
- (b) the requirement to comply with the Company's corporate governance policies and charters;
- (c) the requirement to notify the Company of or seek the Company's approval before accepting, any new role that could impact upon the time commitment expected of the Director or give rise to a conflict of interests;
- (d) the Company's policy around independent professional advice;
- (e) indemnity and insurance arrangements;
- (f) rights of access to corporate information; and
- (g) ongoing confidentiality obligations.

2.4 Skills required on the Board

The Board will review capabilities, technical skills and personal attributes of its directors. It will normally review the Board's composition against those attributes and recommend

any changes in Board composition that may be required. An essential component of this will be the time availability of Directors.

2.5 **Undertaking by Directors**

The Company shall obtain a written undertaking from each director to disclose to the Company his “director’s interest” (within the meaning of the Corporations Act) in respect of securities of the Company.

2.6 **Vacation of office**

Subject to clause 2.3, it is envisaged that Directors shall remain on the Board until required to vacate the office by law or as detailed in the Constatng Documents.

3. **The role of individual Directors**

As members of the peak decision-making body in the Company, Directors share ultimate responsibility for the Company’s overall success. Therefore, Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities. Directors need to ensure that the Board is providing:

- (a) leadership to the Company, particularly in the areas of ethics and culture;
- (b) a clear and appropriate strategic direction;
- (c) upholding the Company's values;
- (d) accountability to key stakeholders, particularly shareholders;
- (e) oversight of policies;
- (f) oversight of all control and accountability systems including all financial operations and solvency, risk management, monitoring conduct that is inconsistent with the Company’s code of conduct and compliance with material legal and regulatory requirements;
- (g) an effective senior management team and appropriate personnel policies as and when required; and
- (h) timely and effective decisions on matters reserved to it.

3.2 **Directors’ code of conduct**

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

- (a) will act honestly, in good faith and in the best interests of the Company;

- (b) have a duty to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances;
- (c) will undertake diligent analysis of all proposals placed before the Board;
- (d) will act with a level of skill expected from directors and key executives of a publicly listed company;
- (e) will use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- (f) will demonstrate commercial reasonableness in decision making;
- (g) will not make improper use of information acquired as Directors and key executives;
- (h) will not disclose non-public information except where disclosure is authorised or legally mandated;
- (i) will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the person from whom 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;
- (j) will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company;
- (k) will not take advantage of Company property or use such property for personal gain or to compete with the Company;
- (l) will protect and ensure the efficient use of the Company's assets for legitimate business purposes;
- (m) will not allow personal interests, or the interest of any "associate" (as such term is defined in the *Securities Act (British Columbia)*), to conflict with the interests of the Company;
- (n) 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;
- (o) will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally, towards achieving its goals;
- (p) will not engage in conduct likely to bring discredit upon the Company;
- (q) will encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees as and when those dealings occur;
- (r) will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;

- (s) will give their specific expertise generously to the Company; and
- (t) 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 Charter.

3.3 Expectations of Directors in Board process

- (a) Since the Board needs to work together as a group, Directors need to establish a set of standards for Board meetings. At the Company, it is expected that Directors shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board. This will include, but not be limited to:
 - (i) behaving in a manner consistent with the letter and spirit of the Code of Conduct;
 - (ii) acting in a businesslike manner;
 - (iii) acting in accordance with the Constatng Documents and Board policies;
 - (iv) addressing issues in a confident, firm and friendly manner;
 - (v) preparing thoroughly for each Board or Committee event;
 - (vi) using judgment, common sense and tact when discussing issues;
 - (vii) minimising irrelevant conversation and remarks;
 - (viii) ensuring that others are given a reasonable opportunity to put forward their views;
 - (ix) refraining from interruption or interjection when a speaker has the floor; and
 - (x) being particularly sensitive in interpreting any request or direction from the Chair that aims to ensure the orderly and good-spirited conduct of the meeting.
- (b) Directors are expected to be forthright in Board meetings and have a duty to question, request information, raise any issue, and fully canvas all aspects of any issue confronting the Company, and cast their vote on any resolution according to their own judgment.
- (c) Outside the boardroom, however, Directors will support the letter and spirit of Board decisions in discussions with all stakeholders including any shareholders, special interest groups, customers, staff, suppliers and any other parties.
- (d) Directors will keep confidential all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. It is improper to disclose it, or allow it to be

disclosed, unless that disclosure is required by law and in any event should not be disclosed without appropriate authorisation.

3.4 **Conflict of interest and related party transactions**

(a) Conflicts of interest

- (i) Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. On appointment, Directors will have an opportunity to declare any such interests.
- (ii) Directors must also disclose to the Board from time to time any “disclosable interest” (as defined in the BCBCA) they have in any contract or transaction that is material to the Company, as required by the BCBCA.
- (iii) Directors are expected to indicate to the Chair any actual or potential conflict of interest situation as soon as it arises.

(b) Related party transactions

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in quarterly and annual reports.

3.5 **Emergency contact procedures**

As there is the occasional need for urgent decisions, Directors should leave with the Company Secretary any contact details, either for themselves or for a person who knows their location, so that all Directors can be contacted within 24 hours in cases of a written resolution or other business.

4. **The role of the Chair**

To the extent possible, the Chair of the Board is to be an independent Director and is not to be the same person as the MD/CEO.

The Chair’s role is a key one within the Company. The Chair is considered the “lead” Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes.

There are two main aspects to the Chair’s role. They are the Chair’s role within the boardroom and the Chair’s role outside the boardroom.

4.1 **Inside the boardroom**

Inside the boardroom the role of the Chair is to:

- (a) establish and approving the agenda for Board meetings in consultation with the MD/CEO;
- (b) chair Board meetings;
- (c) ensuring adequate time in Board meeting for discussion of all agenda items including strategic issues;
- (d) be clear on what the Board has to achieve, both in the long and short term;
- (e) provide guidance to other Board members about what is expected of them;
- (f) facilitating effective contribution of all directors and promoting constructive and respectful relations between directors and between the Board and management;
- (g) ensure that Board meetings are effective in that:
 - (i) the right matters are considered during the meeting (for example, strategic and important issues);
 - (ii) matters are considered carefully and thoroughly;
 - (iii) all Directors are given the opportunity to effectively contribute; and
 - (iv) the Board comes to clear decisions and resolutions are noted;
- (h) brief all Directors in relation to issues arising at Board meetings;
- (i) ensure that the decisions of the Board are implemented properly;
- (j) ensure that the Board behaves in accordance with its Code of Conduct;
- (k) the Chairman has authority to act and speak for the Board between its meetings, including engaging with the MD/CEO.

4.2 **Outside the boardroom**

Outside the boardroom the role of the Chair is to:

- (a) in conjunction with the MD/CEO, undertake appropriate public relations activities and be a spokesperson for the Company;
- (b) be the major point of contact between the Board and the MD/CEO;
- (c) be kept fully informed of current events by the MD/CEO on all matters which may be of interest to Directors;
- (d) regularly review with the MD/CEO, and such other senior officers as the MD/CEO recommends, progress on important initiatives and significant issues facing the Company; and
- (e) provide mentoring for the MD/CEO.

5. The role of the Company Secretary

- 5.1 The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chair, on all governance matters and reports directly to the Chair as the representative of the Board. The Company Secretary is appointed and dismissed by the Board.
- 5.2 The tasks of the Company Secretary shall include:
- (a) Meetings and minutes
 - (i) notifying the directors in advance of a meeting of the Board;
 - (ii) ensuring that the agenda and Board papers as and when they are required, are prepared and forwarded to Directors prior to Board meetings;
 - (iii) recording, maintaining and distributing the minutes of all Board and Board Committee meetings as required;
 - (iv) maintaining a complete set of Board papers at the Company's main office, preparing for and attending all annual and extraordinary general meetings of the Company; and
 - (v) recording, maintaining and distributing the minutes of all general meetings of the Company.
 - (b) Compliance
 - (i) overseeing the Company's compliance program and ensuring the Company's compliance and reporting obligations are met; and
 - (ii) ensuring all requirements of the Canadian Securities Administrators, Australian Securities & Investments Commission, the Canada Revenue Agency, the Australian Taxation Office and any regulatory bodies are fully met.
 - (c) Governance administration
 - (i) maintaining a Register of Company Policies as approved by the Board;
 - (ii) maintaining, updating and ensuring that all Directors have access to an up-to-date copy of the Board Charter and associated governance documentation;
 - (iii) maintaining the complete list of the delegations of authority;
 - (iv) reporting at Board meetings the documents executed under a power of attorney, or under the common seal; and

- (v) any other services the Chair or Board may require.

6. The role of the MD/CEO

- 6.1 The MD/CEO is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board. The position reports directly to the Board.
- 6.2 If there is no MD/CEO appointed at any given time, the Board will nominate another executive director to undertake the role/responsibilities assigned to the MD/CEO under this Board Charter.
- 6.3 The MD/CEO's primary objective is to ensure the ongoing success of the Company through being responsible for all aspects of the management and development of the Company. The MD/CEO is of critical importance to the Company in guiding the Company to develop new and imaginative ways conducting business. The MD/CEO must have the industry knowledge and credibility to fulfil the requirements of the role.
- 6.4 The MD/CEO will, as and when the size, nature and scale of the Company's activities requires it, manage a team of executives responsible for all functions contributing to the success of the Company.
- 6.5 The MD/CEO's specific responsibilities will include:
 - (a) develop, in conjunction with the Board, the Company's vision, values, and goals;
 - (b) responsibility for the achievement of corporate goals and objectives;
 - (c) development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
 - (d) preparation of business plans and reports with the senior management;
 - (e) developing with the Board the definition of ongoing corporate strategy;
 - (f) implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
 - (g) advise the Board regarding the most effective organisational structure and oversee its implementation;
 - (h) assessment of business opportunities of potential benefit to the Company;
 - (i) responsibility for proposals for major capital expenditure to ensure their alignment with corporation strategy and justification on economic grounds;
 - (j) sustain competitive advantage through maximising available resources, encouraging staff commitment and strategically aligning the corporate culture with the organisation's goals and objectives;

- (k) establish and maintain effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
- (l) undertake the role of key Company spokesperson;
- (m) recommend policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives;
- (n) ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
- (o) ensure appropriate risk management practices and policies are in place;
- (p) develop and motivate direct reports and their respective teams;
- (q) select and appoint key staff as and when required (direct reports); and
- (r) ensure there is an appropriate staff appraisal system in place in the Company.

Part B - Board processes

1. Board meetings

1.1 Board meetings are a fundamental component of governance processes. Each Board meeting is critical, as it is the main opportunity for directors to:

- (a) obtain and exchange information with the senior management team;
- (b) obtain and exchange information with each other; and
- (c) make decisions.

1.2 The Board meeting agenda is equally as important because it shapes the information flow and subsequent discussion.

1.3 Meeting frequency

Given the size of the Company and the scale of its activities the Board will meet as required but not less than six times per year and, unless otherwise agreed, Committees will generally meet on a quarterly basis.

1.4 Meeting time and location

The Board usually meets at the offices of the Company in Australia however subject to the consent of the Chair, Board meetings may be held virtually or via telephone should the situation require. The commencement time will vary depending on the agenda of each individual meeting, the availability of key participants and the location in which the meeting is taking place.

1.5 Meeting language

If a Director does not speak the language in which the Board meeting is proposed to be held in and key documents written, processes will be adopted to ensure that the Director understands and can contribute to discussions at those meetings and understand and discharge their obligations in relation to those documents.

1.6 Conduct of meeting

The Chair will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. As such the Chair will:

- (a) ensure that all members are heard;
- (b) retain sufficient control to ensure that the authority of the Chair is recognised. This may require a degree of formality to be introduced if this is necessary to advance the discussion;

- (c) take care that the decisions are properly understood and well recorded; and
- (d) ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

1.7 Quorum and voting at meetings

In order for a decision of the Board to be valid a quorum of Directors must be present as stipulated in the Constatng Documents. Questions arising at Board meetings are to be decided by a majority vote of Directors who are present and entitled to vote.

1.8 Written Resolutions

A resolution in writing signed by all Directors shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and held and otherwise in accordance with the Constatng Documents.

2. Board meeting agenda

2.1 Agenda content

An agenda will be prepared for each Board and Committee meeting.

2.2 Agenda preparation

The Company Secretary, in consultation with the Chair and the MD/CEO is responsible for preparing an agenda for each Board meeting. However, any Director may request items to be added to the agenda for upcoming meetings.

3. Board papers

3.1 Preparation and circulation of Board papers

The Company Secretary together with the MD/CEO is responsible for the preparation and circulation of Board papers should they be required. The Board papers if so required will be circulated to Directors prior to the Board meeting. If a Board paper relates to a matter in which there is a known conflict of interest with a particular Director then the relevant Board paper will be removed by the Company Secretary on the instructions of the Chair, from the set of Board papers sent to that Director. In the case of the Chair having a conflict of interest, the Board will appoint another Director to make final decisions on the forwarding of Board papers to the Chair.

3.2 Retention of Board papers

The Company Secretary maintains a complete set of Board papers at the Company's headquarters. However, individual Directors may retain their own copies of the Board papers in a secure location.

4. Board minutes

Minutes are to be a concise summary of the matters discussed at a Board Meeting. Minutes will contain a brief reference to relevant Board papers tabled plus any official resolutions adopted by Directors. All decisions will be recorded in the minutes by means of a formal resolution.

5. Board calendar

In order to provide an even distribution of work over each financial year, the Board will adopt a twelve-month Board Calendar. Included will be all scheduled Board and Committee meetings as well as major corporate and Board activities to be carried out in particular months. Once initiated it will be updated and approved prior to the start of each financial year.

6. Committees

As at the date of this Board Charter, the Board has instituted an:

- (a) Audit and Risk Committee; and
- (b) Remuneration and Nomination Committee.

The Committee Charter for each of these Committees is available on the Company's website.

PART C – KEY BOARD FUNCTIONS

1. The Board and strategy

The Board will approve a formal strategic planning process that articulates the respective roles and levels of involvement of the Board, senior management and other employees and will review the strategic plan for the Company on a regular basis.

2. Contacts and advisory role

2.1 MD/CEO Advisory role

It is recognised that a key directorial duty is providing a sounding board for MD/CEO ideas and challenges. Recognising that the MD/CEO-Board relationship is critical to effective corporate governance, Directors should provide frank and honest advice to the MD/CEO. It is expected that the Chair will play a key part of this role and will maintain regular contact with the MD/CEO.

All advice should be constructive in nature and provided in a positive manner. Where appropriate, Directors should recommend possible alternative advisers if they do not feel adequately trained to assist.

2.2 Protocol for interaction with internal and external parties

(a) Media contact and comment

The Board has designated the MD/CEO or the Chair (where appropriate) to speak to the press on matters associated with the Company. In speaking to the press, the MD/CEO or the Chair will not comment on price sensitive information that has not already been disclosed to a relevant authority, however, they may clarify previously released information. To assist in safeguarding against the inadvertent disclosure of price sensitive information the MD/CEO and the Chair will be informed of what the Company has previously disclosed to the market on any issue prior to briefing anyone outside the Company.

Subject to the policies of the Board and any committee that the Board may appoint from time to time, the Chair and MD/CEO are authorised to comment on:

- (i) annual and interim results at the time of the release of the annual or interim report;
- (ii) resolutions to be put to General Meetings of the Company;
- (iii) changes in Directors, any matter related to the composition of the Board or Board processes;

- (iv) any speculation concerning Board meetings or the outcomes of Board meetings; and
- (v) other matters specifically related to shareholders.
- (i) the Company's future outlook;
- (ii) any operational matter;
- (iii) media queries concerning operational issues which reflect either positively or negatively on the Company;
- (iv) proposed or actual legal actions; and
- (v) queries and general discussion concerning the Company's industry.

See the Code of Conduct for further information relating to conduct of Employees and the Continuous Disclosure and Communications Policy for further information relating to communications to external parties.

- (b) External communications including analyst briefings and responses to Shareholder questions

The Company discloses its financial and operational results to the market each year/half year/quarter as well as informing the market of other events throughout the year as they occur. Annual, half yearly and quarterly financial reports, media releases, management's discussion and analysis and AGM speeches are all lodged with the appropriate authority. As all financial information is disclosed, the Company will only comment on factual errors in information and underlying assumptions when commenting on market analysts' financial projections, rather than commenting on the projections themselves.

In addition to the above disclosures, the Company does conduct briefings and discussions with analysts and institutional investors. However, price sensitive information will not be discussed unless that particular information has been previously formally disclosed to the market via an announcement. Slides and presentations used in briefings will also be released immediately prior to the briefing to the market.

After the conclusion of each briefing or discussion if any price sensitive information was disclosed it will be announced immediately to the market.

2.3 Hospitality and gifts

While the Company recognises the need from time to time to give or accept customary business courtesies in accordance with ethical business practices, Directors and officers will not solicit such courtesies and will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, the Directors' and officers' conduct in representing the Company.

Refer to the Company's Anti-Bribery and Anti-Corruption Policy for further information.

3. Monitoring

Another essential function of the Board is to monitor the performance of the organisation in implementing its strategy and overall operational performance.

4. Risk and compliance management

The Board is charged with overseeing, reviewing and ensuring the integrity and effectiveness of the Company's risk and compliance systems. The Board has an external independent auditor who is responsible for verifying the Company's compliance systems and reporting to the Board on those systems.

Since risk management is a complex and critical component of the Company's governance, the Board has established an Audit and Risk Committee to oversee and guide the detail of this topic. The MD/CEO will be charged with implementing appropriate risk systems within the Company. Aspects of this process may be delegated. Refer to the Audit and Risk Management Committee Charter.

Risk management is considered a key governance and management process. It is not an exercise merely to ensure regulatory compliance. Therefore, the primary objectives of the risk management system at the Company will be to ensure:

- (a) all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- (b) business decisions throughout the Company appropriately balance the risk and reward trade off;
- (c) regulatory compliance and integrity in reporting is achieved; and
- (d) Senior Management, the Board and investors understand the risk profile of the Company.

In line with these objectives, the risk management system will cover:

- (e) operations risk;
- (f) financial reporting; and
- (g) compliance.

The Audit and Risk Committee reviews all major strategies and purchases for their impact on the risk facing the Company and makes appropriate recommendations to the Board. The Company reviews annually its operations to update its risk profile. This occurs in conjunction with the strategic planning process.

The Audit and Risk Committee will create a quarterly report on those areas of risk identified. In addition, as specified by Canadian National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* and Recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and*

Recommendations (4th Edition), the MD/CEO and CFO will provide written certifications and declarations in respect of the financial records of the Company, financial reports, disclosure controls and procedures and internal controls on financial reporting.

The Company produces a number of periodic reports, including its annual report, half-year financial report, quarterly financial reports and quarterly activity and cash flow reports, and management's discussion and analysis. The Company has in place processes to review and confirm the accuracy and reasonableness of the disclosures contained in these reports at both management and Board level, including where a corporate report of this type is not subject to audit or review by an external auditor. Management prepares the disclosures in these reports whereby subject matter experts and the relevant executives review and approve the disclosures which are then reviewed by the Company's MD/CEO and approved by the Board. In the event further legal or financial review is required, the proposed disclosure is run past the Company's advisors, lawyers or auditors (as appropriate) for review.

5. Delegation of authority

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a Board what Company matters are delegated to either specific Directors, committees of Directors, or management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual Directors have no individual authority to participate in the day-to-day management of the Company including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Board explicitly delegates an authority to the Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management position.

Similarly, Committees and their members require specific delegations from the Board as a whole and these will be contained in each Committee's respective Terms of Reference.

5.1 General delegations

In general, the Board delegates all powers and authorities required to effectively and efficiently carry out the Company's business. Listed below are the exceptions to these delegations, whereby the Board or appropriate Committee reserves the powers as indicated.

PART D – CONTINUING IMPROVEMENT

1. Director protection

1.1 Information seeking protocol

Directors will adhere to the following protocol when seeking information:

- (a) approach the MD/CEO to request the required data;
- (b) if the data is not forthcoming, approach the Chair; and
- (c) if the information is still not forthcoming, write a letter to all Board detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information.

1.2 Access to professional advice

A Director of the Company is expected to exercise considered and independent judgment on the matters before them. To discharge this expectation a Director may, from time to time, need to seek independent, expert opinion on matters before them. All Directors have the individual authority to commit the Company to up to \$5,000 per annum in professional advice.

Prior to seeking professional advice a director shall inform the Chair about the nature of the opinion or information sought, the reason for the advice, the terms of reference for the advice and the estimated cost of the advice. Where more than one Director is seeking advice about a single issue, the Chair shall endeavour to coordinate the provision of the advice.

If the cost of professional advice is likely to exceed \$5,000, the Director shall seek authority from the Chair prior to engaging an external expert. The Chair has delegated authority to authorise expenditures up to \$10,000. If the Chair withholds authorisation, the Director has the right to seek authority from the Board at the next Board meeting. If the cost of professional advice is likely to exceed \$10,000, then the Board's approval for the engagement of an external expert is required.

Advice so received should be received on behalf of the Board as a whole.

1.3 Access to Board papers

The Directors have the right to access board papers as granted by the BCBCA. Such access shall be provided on a timely basis.

1.4 Insurance

The Company currently holds Directors' and officers' insurance policies (**D&O Insurance Policies**). The Company will ensure that all new Directors and officers are included on

the D&O Insurance Policies. The Company will also review the D&O Insurance Policies on at least an annual basis to ensure that they are sufficient.

2. Board and Senior Executive evaluation

2.1 Evaluation process

The Board considers the evaluation of its own and senior executive performance as fundamental to establishing a culture of performance and accountability.

2.2 Board and Director evaluations

The Board considers the ongoing development and improvement of its own performance as a critical input to effective governance. As a result, the Board will undertake an evaluation of Board and Director performance.

The review will be based on a number of goals for the Board and individual Directors that will be established. The goals are based on corporate requirements and any areas for improvement that may be identified. The Board will consider the outcome of such reviews in a dedicated meeting and develop a series of actions and goals to guide improvement. The Chair will provide each Director with confidential feedback on his or her performance. This feedback is used to develop a development plan for each Director. The Board does not endorse the reappointment of a Director who is not satisfactorily performing the role.

The Remuneration and Nomination Committee will arrange for a performance evaluation of the Board, its Committees and individual Directors to be conducted on an annual basis.

2.3 Board Committee evaluations

The Board will set a number of expectations for its Committees. These expectations are to be derived after considering the results of previous reviews if any, an assessment of the Company's current and future needs, and a review of each Committee's Charter or purpose. As a result of a review, the Board may amend or revoke a Committee's Charter.

The Nomination and Remuneration Committee will review the performance of the Committees against expectations. Based upon the review, individuals and groups will be provided with feedback on their performance. The results of the review will be a key input into the expectations set by the Board.

2.4 Senior Executive evaluations

All senior executives at the Company will be subject to a periodic performance evaluation, no more than once per calendar year, by the Nomination and Remuneration Committee. Each year, senior executives (including the MD/CEO) will establish a set of performance targets. These targets are aligned to overall business goals and the Company's requirements of the position. In the case of the MD/CEO, these targets are negotiated between the MD/CEO and the Board and signed off by the whole Board.

An informal assessment of progress is carried out throughout the year. A full evaluation of the executive's performance against the agreed targets takes place annually. This will normally occur in conjunction with goal setting for the coming year. Since the Company is committed to continuous improvement and the development of its people, the results of the evaluation form the basis of the executive's development plan. Performance pay components of executives' packages are dependent on the outcome of the evaluation.

3. Executive Director remuneration

3.1 Composition

Remuneration packages for Executive Directors and other senior executives include an appropriate balance of fixed remuneration and performance-based remuneration.

3.2 Fixed remuneration

Fixed remuneration is reasonable and fair, considering the Company's obligations at law and labour market conditions, and is relative to the scale of the Company's business. It reflects core performance requirements and expectations.

3.3 Performance-based remuneration

Performance-based remuneration should be linked to clearly specified performance targets. These targets should be aligned to the Company's short, medium and long-term performance objectives and should be appropriate to its circumstances, goals and risk appetite. This target should also be consistent with the Company's values. Discretion will be retained where appropriate to prevent performance-based remuneration rewarding conduct that is contrary to the entity's value or risk appetite.

3.4 Equity-based remuneration

The Company strives to have a well-designed equity-based remuneration, including options or performance rights, which can be an effective form of remuneration, especially when linked to hurdles that are aligned to the Company's longer-term performance objectives. The Company takes care in the design of equity-based remuneration schemes to ensure that they do not lead to "short-termism" on the part of senior executives or the taking of undue risks.

3.5 Termination and other benefits

Termination payments, if any, for senior executives are agreed in advance and the agreement clearly addresses what will happen in the case of early termination. There is no payment for removal for misconduct.

4. Non-Executive Director remuneration

4.1 Composition

Non-Executive Directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity).

4.2 Fixed remuneration

Levels of fixed remuneration for Non-Executive Directors reflect the time commitment and responsibilities of the role.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. The sum each Non-Executive Director is paid is determined by the Board from time to time. Additional fees can be paid for participation on Board Committees; however, the total fees paid to Non-Executive Directors, including fees paid for participation on Board Committees, are kept within the total amount approved by shareholders.

4.3 Performance-based bonus

Non-Executive Directors do not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their objectivity except where the Board has determined it is reasonable for the Non-Executive Directors to receive such securities considering the current size, nature and scale of activities of the Company. Where Non-Executive Directors receive performance-based remuneration they must ensure that it does not lead to bias in their decision-making and compromise their objectivity.

The Company's Non-Executive Directors do not receive performance-based bonuses.

4.4 Equity-based remuneration

It is preferential for Non-Executive Directors to align their interests with the interests of other security holders and as such, it is generally acceptable for Non-Executive Directors to receive securities as part of their remuneration. Ideally however, Non-Executive Directors should not receive options with performance hurdles attached or performance rights as part of their remuneration nor have the terms of the issuance of securities structured in a way such that it may affect their objectivity.

The Company's Non-Executive Directors cannot choose to receive shares in the Company as part of their remuneration in lieu of receiving cash unless the Board determines this is reasonable considering the current size, nature and circumstances of the Company.

4.5 Superannuation benefits

Non-Executive Directors should not be provided with retirement benefits other than superannuation.

The Company's Non-Executive Directors are entitled to statutory superannuation.

4.6 **Written Agreement**

In addition to the undertaking to report director's interests referred to in Part A, section 2.4, the Company shall provide each Non-Executive Director with a written agreement regarding indemnity and insurance arrangements.

5. **Director development**

The Company is committed to continuing development of its Directors and executives. In line with this commitment, there is an expectation that all Directors and the MD/CEO will commit to professional development through the course of their appointment. Any Director wishing to undertake either specific directorial training or personal development courses is expected to approach the Chair for approval of the proposed course. Development may be in both governance and governance processes or in the Company's industry.

6. **Director induction**

New directors will undergo an induction process in which they will be given a full briefing on the Company. This will include meeting with key executives, tours of the premises, an induction package and presentations. Information conveyed to the new Director will include:

- (a) details of the roles and responsibilities of a Director with an outline of the qualities required to be a successful Director;
- (b) formal policies on Director appointment as well as conduct and contribution expectations;
- (c) details of all relevant legal requirements;
- (d) access to a copy of the Board Charter and all other Company Corporate Governance Policies;
- (e) guidelines on how the Board processes function;
- (f) details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- (g) key accounting matters and outlines of the responsibilities of Directors in relation to the Company's financial statements;
- (h) background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- (i) an analysis of the Company including:

- (i) core competencies of the Company;
 - (ii) an industry background briefing;
 - (iii) details of past financial performance;
 - (iv) current financial structure; and
 - (v) any other important operating information;
- (j) a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget;
- (k) access to a copy of the Constatting Documents of the Company; and
- (l) a written indemnity agreement.