

CORPORATE GOVERNANCE POLICIES

BOARD CHARTER

The Board of Directors is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable. The overriding distinction between the role of the Board and the interaction with management is seen as “management formulates, the Board ratifies; management implements and the Board monitors”.

The Board has the following overall responsibilities:

- establishing the direction and strategies for the Company and monitoring the implementation of those strategies; and
- monitoring compliance with regulatory requirements and setting the tone for ethical behaviour and standards.

Due to the level and nature of the Company’s present activities, there is no appointed Managing Director or executive management. Geological and corporate management is outsourced to external consultants, with overall management of the Company monitored by the Board. A Managing Director will be appointed for the Company when the level of activities and circumstances warrant.

The monitoring and ultimate control of the business of the Company is vested in the Board. The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director (when appointed). The Board’s primary responsibility is to oversee the Company’s business activities and management for the benefit of shareholders. The specific responsibilities of the Board include:

- appointment, evaluation, rewarding and if necessary the removal of the Managing Director;
- in conjunction with management, development of corporate objectives and strategy and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- establishing appropriate levels of delegation to the Managing Director to allow him to manage the Company’s operations effectively;
- monitoring actual performance against planned performance expectations;
- appreciation of areas of significant business risk and ensuring arrangements are in place to adequately manage those risks;
- overseeing the management of safety and occupational health, environmental issues and community development;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the relevant period;
- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- to ensure that appropriate external audit arrangements are in place and operating effectively;

- appointment and removal of the Company Secretary;
- determine whether the composition, remuneration and conditions of service for senior executives are appropriate;
- establish and monitor succession planning;
- appointment, review and removal of directors;
- having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
- reporting to shareholders.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of committees. To this end the Board has established an Audit Committee.

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter.

In accordance with the constitution of the Company, directors (other than any Managing Director) must offer themselves for re-election by shareholders at least every 3 years. The Board does not specify a maximum term for which a director may hold office.

Board composition and independence

Where possible, the Board should comprise a majority of independent non-executive directors. The Board assesses the independence of each director in light of interests disclosed by them and the relationships which may affect independent status. An independent director is a non-executive director (i.e. is not a member of management) and who:

- is not a substantial shareholder of the Company;
- within the last 3 years has not been employed in an executive capacity by the Company;
- within the last 3 years has not been a material professional adviser or consultant to the Company;
- is not a material supplier or customer of the Company;
- has no material contractual relationship with the Company other than as a director of the Company.

Financial materiality thresholds used in the assessment of independence (both from the perspective of the Company and the director) are as follows:

- payments made by the Company to the director or any of his associated entities for the provision of goods and/or services does not exceed 10% of the annual gross expenditure of the Company; or
- payments received by the director for the provision of goods and/or services to the Company does not exceed 25% of the annual income or business turnover of the director or his associated entities.

Appointment, review and removal of directors

The role of the Board on matters relating to the appointment of directors includes:

- (a) identifying and nominating candidates for directorship;
- (b) establishing criteria for Board membership, including desired qualifications, skills, experience and competencies;
- (c) reviewing current and anticipated Board membership requirements, including:
 - establishing and overseeing processes for the review of the performance of individual directors and the Board as a whole:
 - from time to time, assessing the extent to which the required skills are represented on the Board and the necessary and desirable competencies of Board members; and
 - from time to time, assessing the time commitments of non-executive directors and whether candidates (having regard to other commitments) can meet these commitments, and
- (d) consideration of the results of the performance assessment of individual directors and determining its endorsement of the directors to stand for re-election at the next annual general meeting.

The roles of Chairman and Managing Director (when appointed) are not combined. The Managing Director will be accountable to the Board for all authority delegated to the position.

Policy history

Established: July 2006

Last review: April 2010