Corporate Governance Plan

Talonx Resources Limited
ACN 009 067 476
(Company)

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BOARD CHARTER

Introduction

The Board of the 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 published by the ASX Corporate Governance Council. However, the Company will state in its Annual Report 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 Constitution (**Constitution**), the Corporations Act or the ASX Listing Rules. If such a conflict occurs, the Constitution, Corporations Act and the ASX Listing Rules 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

The Board is ultimately responsible for all matters relating to the running of the Company.

The Board's role is to govern 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 misleading to refer to the management function of the Board.

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, practices, management and operations 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.

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) guiding the development of an appropriate culture and values for the Company through the establishment and review of Codes of Conduct, rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods; and

  (ii) always acting in a manner consistent with the Company's Code of Conduct and Statement of Values;

(b) overseeing the development and implementation of an appropriate strategy 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) 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;

(v) 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 robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively;

(f) appointing, and where necessary removing and/or replacing, the Chair;

(g) being responsible for the Company's senior management and personnel including:

(i) directly managing the performance of the person appointed to lead the Company's management, being the Managing Director (**MD**) including:

(A) appointing and remunerating the MD;

(B) providing advice and counsel to the MD including formal reviews and feedback on his or her performance; and

(C) overseeing the development or removal of the MD, 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 senior executives;

(iv) ensuring that an appropriate succession plan for the MD, 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;

(h) delegating appropriate powers to the MD, management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers; and

(i) making all decisions outside the scope of these delegated powers.

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

The Board has determined that, consistent with the size of the Company and its activities, the Board shall be comprised of a minimum three (3) Directors, one of whom shall be non-executive.

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.

The Board has adopted the definition of independence set out in the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (3rd Edition) as set out in Annexure A.

The independence of the Company's Non-Executive Directors will be assessed on an ongoing basis.

In the opinion of the Board, all Directors should bring specific skills and experience that add value to the Company.

When considering the potential reappointment of an existing director, the Board will take into account 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.

When considering vacancies, the Board will take into account a candidate's capacity to enhance the skills matrix and experience of the Board.

2.2 Appointment of Directors

The Company may, by ordinary resolution, increase or decrease the number of Directors and may also determine in what rotation the increased or decreased number is to go out of office and otherwise in accordance with the Constitution. 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 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.

2.4 Written agreement

The Company shall have a written agreement with each Director and senior executive setting out the terms of their appointment.

2.5 Duration of appointment

In the interest of ensuring a continual supply of new talent to the Board, non-executive Directors will serve for a maximum of 10 years unless there are exceptional circumstances. The exception to this policy is that a Director who is serving as Chair at the conclusion of the usual maximum term may serve an additional term in that role. If a Director has served in their position for more than 10 years, the Board will regularly assess if their independence may have been compromised.

2.6 Vacation of office

Subject to clause 2.5, it is envisaged that Directors shall remain on the Board until required to vacate the office by law or as detailed in the Constitution.

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) accountability to key stakeholders, particularly shareholders;

(d) oversight of policies;

(e) oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance;

(f) an effective senior management team and appropriate personnel policies as and when required; and

(g) timely and effective decisions on matters reserved to it.

3.1 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 whole Company;

(b) owe a fiduciary duty to the Company as a whole;

(c) have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;

(d) will undertake diligent analysis of all proposals placed before the Board;

(e) will act with a level of skill expected from directors and key executives of a publicly listed company;

(f) will use the powers of office for a proper purpose, in the best interests of the Company as a whole;

(g) will demonstrate commercial reasonableness in decision making;

(h) will not make improper use of information acquired as Directors and key executives;

(i) will not disclose non-public information except where disclosure is authorised or legally mandated;[1]

(j) 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;

(k) will not take improper advantage of the position of Director[2] or use the position for personal gain or to compete with the Company;

(l) will not take advantage of Company property or use such property for personal gain or to compete with the Company;

(m) will protect and ensure the efficient use of the Company's assets for legitimate business purposes;[1]

(n) will not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company;

(o) 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;

(p) will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally, towards achieving its goals;

(q) will not engage in conduct likely to bring discredit upon the Company;[2]

(r) will encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees as and when those dealings occur;[1]

(s) will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;[1]

(t) will give their specific expertise generously to the Company; and

(u) 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.[2]

[1] From the ASX Corporate Governance Council's Corporate Governance Principles.

[2] From the AICD Code of Conduct.

3.2 Expectations of Directors in Board process

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:

(a) behaving in a manner consistent with the letter and spirit of the Corporate Code of Conduct of the Company;

(b) acting in a businesslike manner;

(c) acting in accordance with the Constitution and Board policies;

(d) addressing issues in a confident, firm and friendly manner;

(e) preparing thoroughly for each Board or Committee event;

(f) using judgment, common sense and tact when discussing issues;

(g) minimising irrelevant conversation and remarks;

(h) ensuring that others are given a reasonable opportunity to put forward their views;

(i) refraining from interruption or interjection when a speaker has the floor; and

(j) 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.

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.

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.

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.

3.3 Conflict of interest and related party transactions

(a) Conflicts of interest

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.

Directors should update this disclosure by notifying the Company Secretary in writing as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chair any actual or potential conflict of interest situation as soon as it arises.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors do not have to give notice of a conflict or absent themselves in accordance with section 191(2) or section 195 of the Corporations Act, including, without limitation when either:

(i) conflict of interest relates to an interest common to all Company members/shareholders; or

(ii) the Board passes a resolution that:

(A) identifies the Director, the nature and extent of the Director's interest; and

(B) clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

(b) Related party transactions

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

In general, the Corporations Act requires related party transactions to be approved by the shareholders; the Board cannot, except in certain limited circumstances, approve these transactions. Examples of exemptions to this requirement occur where the financial benefit is given on arm's length terms, or is considered to be reasonable remuneration to an officer or employee.

The Board has also resolved that where applications are made by a related party to a Director or officer of the Company then the Director or officer shall exclude himself/herself from the approval process.

Related party for this process has the meaning given to that term in Section 228 of the Corporations Act and includes:

(i) a spouse or de facto spouse of the Director or officer;

(ii) a parent, son or daughter of the Director or officer or their spouse or de facto spouse; or

(iii) an entity over which the Director or officer or a related party defined in paragraph (i) or (ii) has a controlling interest.

3.4 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

The Chair of the Board is an independent Director. 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 the agenda for Board meetings in consultation with the MD;

(b) chair Board meetings;

(c) be clear on what the Board has to achieve, both in the long and short term;

(d) provide guidance to other Board members about what is expected of them;

(e) 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;

(f) brief all Directors in relation to issues arising at Board meetings;

(g) ensure that the decisions of the Board are implemented properly; and

(h) ensure that the Board behaves in accordance with its Code of Conduct and Statement of Values.

4.2 Outside the boardroom

Outside the boardroom the role of the Chair is to:

(a) in conjunction with the MD, undertake appropriate public relations activities;

(b) be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures;

(c) be the major point of contact between the Board and the MD;

(d) be kept fully informed of current events by the MD on all matters which may be of interest to Directors;

(e) regularly review with the MD, and such other senior officers as the MD recommends, progress on important initiatives and significant issues facing the Company; and

(f) provide mentoring for the MD.

5. The role of the Company Secretary

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 and all Directors have, as of right access to the Company Secretary.

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;

(v) recording, maintaining and distributing the minutes of all general meetings of the Company; and

(vi) ensuring all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

(b) Compliance

(i) overseeing the Company's compliance program and ensuring the Company's compliance and reporting obligations are met;

(ii) ensuring all requirements of ASIC, the ATO and any regulatory bodies are fully met; and

(iii) providing counsel on corporate governance principles and Director liability.

(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

The MD 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.

The MD'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 is of critical importance to the Company in guiding the Company to develop new and imaginative ways of winning and conducting business. The MD must have the industry knowledge and credibility to fulfil the requirements of the role.

The MD 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.

The MD'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

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.

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

1.2 Meeting frequency

Given the size of the Company and the scale of its activities the Board will meet approximately ten times per year but not less than six times per year and, unless otherwise agreed, Committees will generally meet on a quarterly basis. Where Board and Committee meetings are scheduled for the same month, where possible, Committee meetings will precede the Board meeting by at least one week to allow the circulation of the minutes of the Committee meeting prior to the Board meeting.

1.3 Meeting time and location

The Board usually meets at the offices of the Company in Australia. Board meetings usually commence at 10:30am but this may vary depending on the agenda of each individual meeting, the availability of key participants and the location in which the meeting is taking place.

1.4 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.

1.5 Meeting cycle

When the size of the Company and the scale of its activities warrants it, and to assist the smooth running of Board processes, the Board will adopt an indicative monthly cycle as follows. The indicative cycle gives Board members seven days to review the agenda and Board papers to save valuable time at meetings by being prepared for discussions and allowing them to seek clarification or further information in advance on ambiguous items.

Under normal circumstances and when warranted, Board meetings shall follow the following monthly cycle:

ITEM	DAY
Draft agenda prepared by the Company Secretary	-7
Company Secretary updates actions arising from the previous meeting	-7
Company Secretary reviews the proposed agenda with the Chair	-7
Board papers and agenda are finalised	-3
Board papers are printed	-3
All Board papers are circulated to Board meeting attendees	-3
Board meeting	0
Draft minutes sent to Chair	3-5
Draft minutes sent to Directors	6-10

All days indicated are calculated in relation to the Board meeting day (day zero).

Please note that this is an indicative cycle only. The actual timing of events in the lead up to and follow up from Board meetings will be dependent upon the circumstances surrounding each individual meeting.

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. A quorum will be 2 Directors present in person or by instantaneous communication device or as otherwise stipulated in the Constitution. Questions arising at Board meetings are to be decided by a majority vote of Directors who are present and entitled to vote.

1.8 Emergency decision making

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 Company's Constitution.

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] 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 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 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

When the size of the Company and the scale of its activities warrant it the Board will institute the following committees:

(a) Audit and Risk Committee; and

(b) Remuneration and Nomination Committee.

The Committee Charter for each of these Committees is contained in the Company's Corporate Governance Plan. Nevertheless, the Board has the ability to alter the roles of each Committee as it sees fit.

As at the date of this Corporate Governance Plan, the Board has not instituted an:

(a) Audit and Risk Committee; and

(b) Remuneration and Nomination Committee.

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 advisory role

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

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 or the Chair (where appropriate) to speak to the press on matters associated with the Company. In speaking to the press, the MD 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 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 is authorised to comment on:

(i) annual and half yearly results at the time of the release of the annual or half yearly 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 maters specifically related to shareholders.

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

(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 Corporate Code of Conduct for further information relating to conduct of Employees.

(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 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.

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.

The risk management system will be based on Standard ISO 31000:2018.

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:

(a) operations risk;

(b) financial reporting; and

(c) 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 Board receives a quarterly report on those areas of risk identified by the Audit and Risk Committee. In addition, as specified by Recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition), the MD and CFO provide a written declaration of assurance that their opinion, that the financial records of the Company for any financial period have been properly maintained, comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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 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.

5.2 Decisions requiring Board approval

In addition to those decisions requiring approval pursuant to the respective Committee Charters, the following decisions must be referred to the Board for approval:

(a) Directors acquiring or selling shares of the Company;

(b) issuing shares of the Company;

(c) acquiring, selling or otherwise disposing of property in excess of the amount set out in the Company's approval matrix;

(d) founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the Company's participation in other companies (including project joint ventures);

(e) acquiring or selling patent rights, rights in registered trademarks, licences or other intellectual property rights of the Company;

(f) founding, dissolving or relocating branch offices or other offices, plants and facilities;

(g) starting new business activities, terminating existing business activities or initiating major changes to the field of the Company's business activities;

(h) approving and/or altering the annual business plan (including financial planning) for the Company or any part of the Company;

(i) taking or granting loans which exceed the amount set out in the Company's approval matrix (including, without limitation, the placing of credit orders, issuing of promissory notes or loans against IOUs);

(j) granting securities of any type;

(k) granting loans to Company officers or employees and taking over guarantees for the Company's officers and employees;

(l) entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases;

(m) determining the total amount of bonuses and gratuities for Company officers and employees;

(n) determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board of Directors; and

(o) granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the Company.

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/Company Secretary 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 members and the MD 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 Boards 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 Corporations Act. Such access shall be provided on a timely basis.

1.4 Insurance

The Company currently holds Directors' and Officers' Insurance Policies. The Company will ensure that all new Directors and Officers are included on the Company's 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. See the Company's Corporate Governance Plan for further information regarding the Remuneration and Nomination Committee and performance evaluation.

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.

2.3 Board Committee evaluations

Once established, 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.

2.4 Senior Executive evaluations

All senior executives at the Company will be subject to an annual performance evaluation. Each year, senior executives (including the MD) 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, these targets are negotiated between the MD 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.

For further details in relation to the role of Executive Director, see Annexure B.

3.2 Fixed remuneration

Fixed remuneration is reasonable and fair, taking into account 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.

For further details in relation to the fixed remuneration of Executive Directors, see Annexure B.

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 and long-term performance objectives and should be appropriate to its circumstances, goals and risk appetite.

For further details in relation to the receipt of performance based remuneration by Executive Directors, see Annexure B.

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.

For further details in relation to the equity based remuneration for Executive Directors, see Annexure B.

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.

For further details in relation to the termination benefits of Executive Directors, see Annexure B.

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.

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

4.4 Equity-based remuneration

It is generally acceptable for Non-Executive Directors to receive securities as part of their remuneration to align their interests with the interests of other security holders. However, Non-Executive Directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity.

The Company's Non-Executive Directors cannot choose to receive shares in the Company as part of their remuneration instead of receiving cash and may not participate in equity schemes of the Company, such as option schemes, that are designed to encourage enhanced performance of the participant.

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.

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 will commit to at least 2 days of professional development each year. The Board allocates an annual budget of $5,000 per Director to encourage Directors to participate in training and development programs. 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;

(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) background information on and contact information for key people in the organisation including an outline of their roles and capabilities;

(h) an analysis of the company including:

  (i) core competencies of the Company;

  (ii) an industry background briefing;

  (iii) a recent competitor analysis;

  (iv) details of past financial performance;

  (v) current financial structure; and

  (vi) any other important operating information;

(i) a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget;

(j) access to a copy of the Constitution of the Company; and

(k) Directors Deed of Indemnity and Right of Access to Documents, if applicable.

Annexure A – Definition of Independence

An independent Director is a Non-Executive Director (ie. is not a member of management) and:

1. is not, and has not within the last 3 years been:

(a) employed in an executive capacity by the Company or its child entities;

(b) a partner, director or senior employee of a provider of material professional services to the Company or its child entities; and

(c) in a material business relationship (eg. as a supplier or customer) with the Company or its child entities, or an officer of, or otherwise associated with, someone with such a relationship;

2. holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated with, a shareholder holding more than 5% of the voting shares of the Company;

3. has no material contractual relationship with the Company or its child entities other than as a Director;

4. has no close family ties with any person who falls within any of the categories described above; and

5. has not been a Director for such a period that his or her independence may have been compromised.

In each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.

Annexure B – Further Executive Director remuneration details