



Board Charter

—
Havilah Resources Limited

ACN 077 435 520

(Company)
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1. Introduction

1.1 Havilah Resources Limited (ACN 077 435 520) (**Company**) is a listed public company.

1.2 The board is responsible for the corporate governance of the Company.

1.3 The purpose of this charter is to:

- (a) promote high standards of corporate governance;
- (b) clarify the role and responsibilities of the board; and
- (c) enable the board to provide strategic guidance for the Company and effective management oversight.

1.4 This charter is supported by the code of conduct for directors, senior executives and all other employees, the charter for the Audit and Risk Committee, Share Trading Policy, Disclosure Protocol and other governance documents.

1.5 For the purpose of this charter, senior executives include all officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the company and its financial performance.

2. Board size, composition and independence

2.1 There must be a minimum of 3 directors and may only be a maximum of 10 directors.

2.2 The board should ideally comprise:

- (a) a majority of independent non-executive directors;
- (b) directors with an appropriate range of skills, experience and expertise;
- (c) directors who can understand and competently deal with current and emerging business issues; and

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Approved by: Board of Directors

Date Issued: 13 March 2019

Review Date: March 2020



- (d) directors who can effectively review and challenge the performance of management and exercise independent judgment.
- 2.3 An independent non-executive director is one who:
- (a) is independent of management;
 - (b) free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their unfettered and independent judgment; and
 - (c) otherwise meets the criteria for independence set out in the *Principles of Good Corporate Governance and Best Practice Recommendations* published by the ASX Corporate Governance Council.
- 2.4 The Board has formulated various criteria to determine the independence of directors.
- 2.5 The Board should regularly assess whether each non-executive director is independent and each non-executive director should provide to the Board all information relevant to his or her assessment.
- 2.6 If a director's independent status changes, this should be immediately disclosed and explained to the market.
- 2.7 While the Company will aim to have a majority of independent non-executive directors, this may not always be practicable given the size of the board and the circumstances of the Company, including the nature of the Company's business. Accordingly, the directors have absolute discretion to determine the appropriate composition of the board from time to time.
- 2.8 The board is responsible for recommending candidates for appointment to the board.
- 2.9 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

3. The board's role and responsibilities

- 3.1 The board acts in the best interests of the Company as a whole and is accountable to shareholders for the overall direction, management and corporate governance of the Company.
- 3.2 The board is responsible for:
- (a) overseeing the Company, including its control and accountability systems;
 - (b) appointing and removing the Chief Executive Officer or Managing Director (if appointed);
 - (c) monitoring the performance of the Chief Executive Officer or Managing Director (if appointed);
 - (d) where appropriate, ratifying the appointment and removal of senior executives;

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- (e) ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- (f) approving succession plans for management;
- (g) monitoring senior executives' performance and implementation of strategy, and ensuring appropriate resources are available;
- (h) reporting to shareholders;
- (i) providing strategic advice to management;
- (j) approving management's corporate strategy and performance objectives;
- (k) determining and financing dividend payments;
- (l) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- (m) approving and monitoring financial and other reporting;
- (n) reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- (o) reviewing and overseeing the implementation of the code of conduct for directors, senior executives and all other employees;
- (p) approving charters of board committees;
- (q) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and
- (r) monitoring and ensuring compliance with best practice corporate governance requirements.

4. Performance of senior executives

4.1 The Board is responsible for:

- (a) regularly reviewing the performance of senior executives against measurable and qualitative indicators as decided by the board; and
- (b) ensuring that induction procedures are in place to allow new senior executives to participate fully and actively in management decision-making at the earliest opportunity.

4.2 New senior executives must have knowledge about the company and the industry within which it operates. An induction program is available to enable senior executives to gain an understanding of:

- (a) the company's financial, strategic, operational and risk management position;
- (b) the rights, duties and responsibilities of senior executives; and

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- (c) the respective rights, duties, responsibilities and roles of the board and senior executives.

5. Board Committees

- 5.1 The board has established the following committee to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:
 - (a) Audit and Risk Committee.
- 5.2 The charter or terms of reference of each board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the board. Each committee will review its charter from time to time as appropriate.
- 5.3 The board will continue to review and monitor the requirement for other committees against the size, direction and management of the Company.
- 5.4 The board takes the ultimate responsibility for the operations of the Company including remuneration of directors and executives and nominations to the board.

6. Audit and Risk Committee

- 6.1 The objective of the Audit and Risk Committee is to:
 - (a) help the board fulfil its responsibilities in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business policies and practices;
 - (iv) legal and regulatory compliance; and
 - (v) internal risk control and management systems;
 - (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
 - (c) promote a culture of compliance;
 - (d) ensure effective communication between the Board, the Chief Executive Officer or Managing Director (if appointed) and the Financial Controller;
 - (e) provide a forum for communication between the Board and senior financial and compliance management;
 - (f) ensure effective external audit functions and communication between the Board and the external auditors; and
 - (g) ensure compliance strategies and compliance function are effective.

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- 6.2 The Audit and Risk Committee must comprise:
- (a) at least 3 members;
 - (b) all of which should be non-executive directors and financially literate (and at least one of whom is a financial expert); and
 - (c) a majority of independent directors.
- 6.3 The Audit and Risk Committee will appoint its chairman. The Chairman must be an independent director and may not be the Chairman of the Board.
- 6.4 The Audit and Risk Committee will appoint a secretary.
- 6.5 The Audit and Risk Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.
- 6.6 Each member of the Audit and Risk Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.
- 6.7 Each member of the Audit and Risk Committee should have an understanding of the industry in which the Company operates.
- 6.8 The Board will decide appointments, rotations and resignations within the Audit and Risk Committee having regard to the ASX Listing Rules and the *Corporations Act 2001* (Cth).
- 6.9 A member may act by their alternate.

7. Chairman of the board

- 7.1 The Chairman of the board:
- (a) is appointed by the directors;
 - (b) must be an independent non-executive director; and
 - (c) may not be the same person as a managing director (if appointed).
- 7.2 The division of the responsibilities of the Chairman of the Board and the Chief Executive Officer or Managing Director (if appointed) have been agreed by the board and are set out in this charter.
- 7.3 The responsibilities of the Chairman of the Board include:
- (a) providing leadership to the board and the Company;
 - (b) promoting the efficient organisation and conduct of the board's functions;
 - (c) ensuring the board considers and adopts strategies designed to meet present and future needs of the Company;
 - (d) ensuring the board has an effective composition, size and commitment to adequately discharge its responsibilities and duties;
 - (e) monitoring the performance of the board;

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- (f) facilitating board discussions to ensure core issues facing the Company are addressed;
- (g) briefing all directors in relation to issues arising at board meetings;
- (h) facilitating the effective contribution and ongoing development of all directors;
- (i) promoting constructive and respectful relations between board members and between the board and management;
- (j) ensuring the board regularly meets to consider the Company's performance and key issues facing it;
- (k) setting the agenda for the board meetings after consulting with the Chief Executive Officer or Managing Director (if appointed); and
- (l) chairing general meetings.

8. Chief Executive Officer or Managing Director (if appointed) and executive team

- 8.1 Responsibility for day to day management and administration of the Company is delegated by the board to the Chief Executive Officer or Managing Director (if appointed) and the executive team (if appointed).
- 8.2 The Chief Executive Officer or Managing Director (if appointed) manages the Company in accordance with the strategy, plans and policies approved by the board.
- 8.3 The Chief Executive Officer or Managing Director (if appointed) is appointed by the board.
- 8.4 The responsibilities of the Chief Executive Officer or Managing Director (if appointed) include:
 - (a) developing and recommending to the board strategies, business plans and annual budgets for the Company;
 - (b) implementing the strategies, business plans and budgets adopted by the board;
 - (c) providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the board;
 - (d) developing and managing resources, policies and systems to ensure the effective operation of the Company (including developing and implementing policies on risk management, internal controls and human resources);
 - (e) managing resources within budgets approved by the board;
 - (f) ensuring compliance with applicable laws and regulations;
 - (g) ensuring the board is given sufficient information to enable it to perform its functions, set strategies and monitor performance;
 - (h) acting within authority delegated by the board; and
 - (i) raising capital to ensure that ongoing funding requirements can be met.

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- 8.5 The board has in place procedures to assess the performance of the Chief Executive Officer or Managing Director (if appointed) and executive team (if appointed).

9. Directors

- 9.1 Directors are expected to attend and participate in board meetings and meetings of committees on which they serve.
- 9.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 9.3 Directors are expected to review meeting materials before board meetings and committee meetings.
- 9.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.
- 9.5 Directors must exercise independent judgment when making decisions.
- 9.6 Publicly, directors are expected to support the letter and spirit of board decisions.
- 9.7 Directors must keep board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 9.8 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
- (a) to act in good faith and in the best interests of the Company; and
 - (b) to act with care and diligence;
 - (c) to act for proper purposes;
 - (d) to avoid a conflict of interest or duty; and
 - (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

10. Non-executive directors

- 10.1 Non-executive directors should consider the benefits of conferring regularly without management present, including at scheduled sessions.
- 10.2 These discussions of non-executive directors can be facilitated by the Chairman or lead independent director (if any).

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11. Conflicts

- 11.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 11.2 Directors must:
- (a) disclose to the board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
 - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
 - (c) comply with the *Corporations Act 2001* (Cth) and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- 11.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the board is discussing any matter to which the conflict relates.
- 11.4 Directors are expected to inform the Chairman of the Board of any proposed appointment to the Board or executive of another company as soon as practicable.

12. Access to information and independent advice by directors

- 12.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 12.2 Directors have access to:
- (a) management to seek explanations and information from management; and
 - (b) auditors to seek explanations and information from them without management being present.
- 12.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- 12.4 If the Chairman of the Board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

13. Retirement of directors

- 13.1 At the end of every annual general meeting, one-third of the directors (to the nearest whole number) must retire.
- 13.2 A director must retire at the end of the third annual general meeting after the director's appointment even if it means that more than one-third of directors retire at an annual general meeting.

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- 13.3 Those directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
- 13.4 A managing director (if appointed) or a director appointed to fill a casual vacancy or as an addition to the Board is not subject to retirement by rotation and is not taken into account when determining how many directors must retire by rotation. A director appointed to fill a casual vacancy or as an addition to the Board must retire at the next annual general meeting after their appointment.

14. Codes of conduct

- 14.1 The Company has adopted a corporate code of conduct setting out its legal and other obligations to all legitimate stakeholders including employees, customers and the community.
- 14.2 The Company has adopted a code of conduct for directors, senior executives and all other employees setting out required standards of behaviour, for the benefit of all shareholders.
- 14.3 Each director, officer and employee will be given a copy of the code of conduct applicable to their position when joining the Company.

15. Communication of information

- 15.1 The Board will:
- (a) communicate effectively with shareholders;
 - (b) give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and
 - (c) make it easy for shareholders to participate in general meetings.
- 15.2 The Board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.

16. Review of board performance

The Board will annually review:

- (a) the Board's role;
- (b) the processes of the Board and board committees;
- (c) the Board's performance; and
- (d) each director's performance before the director stands for re-election.

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17. Approved and adopted

This charter was approved and adopted by the Board on 13 March 2019.

26 March 2019

Date

Chairman of the Board of Directors of Havilah Resources Limited

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