

## Scope and Authority

The Board of Cape Lambert Resources Limited (**Company**) is the governing body of the Company. The Board acts in accordance with a statutory framework which principally includes the Corporations Act 2001 (Cth) (the **Act**), the ASX Listing Rules and the Constitution of the Company (**Constitution**).

The proceedings and meetings of the Board will be governed by the provisions of the Constitution in so far as they are applicable and not inconsistent with this Charter.

The Board and/or each Director may obtain independent professional advice to assist in the proper exercise of its powers and responsibilities as it considers necessary.

## Composition

The Board shall consist of a minimum of three (3) but not exceed nine (9) Directors.

The majority of the Board will be Non-Executive Directors with at least two (2) being independent Directors. A Director's independence is determined in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition).

Directors shall have a mix of qualifications, skills and experience which allow them to be effective in their role.

Directors are appointed for terms not exceeding three (3) years however are eligible for reappointment. No condition is placed on a Board member's length of appointment, however independence will be considered within the context of the review.

In the temporary absence of the Chair, one of the other Board members will act as Chair.

The Company Secretary of the Company shall be the Secretary of the Board.

## Board Committees

To assist the Board in fulfilling its duties and responsibilities, it has established the following Committees:

- Audit and Risk Committee; and
- Remuneration Committee.

Each Committee has a formal Charter that is approved by the Board. The members of Committees are appointed by the Board.

## Meetings

The Board shall meet as often as is required to undertake its role effectively. The Board will aim to meet not less than four (4) times a year however the Board can approve items via circular resolution in lieu of a meeting if appropriate. All Board members are

expected to attend each meeting in person or via teleconference.

A quorum will comprise three (3) Directors.

The Board may invite any other members of senior management or other individuals to attend meetings, or provide the necessary information, as it considers appropriate

A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each Director in advance of the meeting. The notice will include supporting papers for the agenda items to be discussed.

Minutes of proceedings and resolutions of Board meetings shall be maintained by the Secretary. Minutes will be available for inspection by any Director at all times. Minutes of meetings will be provided to all Directors and relevant invitees.

## Role of the Board

The Directors have ultimate responsibility for the overall operations of the Company. The Board's primary role is to oversee the Company's business activities and management for the benefit of shareholders. The key responsibilities of each Director and the Board collaterally include:

## Leadership

- Effective leadership of the Company; and
- Establish codes and policies that reflect the Company's values and guide the conduct of the Board and the Company.

## Strategy

Formulate an annual strategic plan and drive the strategic direction, setting goals, performance measures and policies to govern the operations of the Company.

## Shareholder Liaison

- Approve the issue of any shares, options, equity instruments or other securities in the Company;
- Develop and monitor corporate governance practices;
- Review material ASX announcements prior to release;
- Effectively communicate with shareholders and the market providing timely disclosure of performance and major developments; and
- Serve the interests of shareholders and recognise the interests of other stakeholders such as employees, investors, regulators, and the wider community.

## Risk Management

With guidance from the Audit and Risk Committee, ensure senior management has established and

operates a risk management system which is designed to identify, assess, monitor and manage risk.

### **Company Finances**

- Approve annual operating budget;
- Review business results and monitor performance against corporate strategy plans and operating budget;
- Approve major capital expenditure, acquisitions and divestments;
- With guidance from the Audit and Risk Committee, review and monitor the systems, processes and controls which guard the integrity of the financial records and reporting;
- Review reporting to stakeholders and regulators to ensure accuracy, objectivity and timely disclosure;
- With guidance from the Audit and Risk Committee, approve the annual and half yearly financial statements; and
- With guidance from the Audit and Risk Committee, approve the engagement of auditors and review any report to the Board (from auditors) on the Company's financial results and reporting systems, internal controls and compliance with statutory and regulatory requirements.

### **Human Resources**

- Appoint, assess the performance of, and if necessary remove the Executive Chairman, Chief Financial Officer and Company Secretary;
- With guidance from the Remuneration Committee, manage the nomination, appointment and terms of appointment of Non-Executive Directors;
- With guidance from the Remuneration Committee, determine the terms of appointment, performance evaluation and succession plan for the Executive Chairman; and
- Adopt a diversity policy and monitor its operation.

### **Occupational Health and Safety**

Monitor the effectiveness of the Company's occupational health and safety systems.

### **Delegation of Authority**

- Establish and determine the powers and functions of the Committees of the Board;
- Establish and determine the duties to be delegated to the Executive Chairman; and
- Oversee, review and approve the operation of delegated powers.

### **Role of Executive Chairman**

The Chief Executive Officer is the same as the Executive Chairman of the Company. The Executive Chairman is considered the "lead" Director and is responsible for the day-to-day management of the Company with all powers, discretions and delegations authorised by the Board. The Executive Chairman's specific responsibilities include:

- Leadership and effective performance of the Board;
- Assess the performance of Non-Executive Directors;

- Chair board meetings;
- Chair shareholder meetings;
- Develop, in conjunction with the Board, and implement the Company's strategic, operational and financial objections;
- Conduct commercial negotiations on behalf of the Company;
- Propose major capital expenditure, acquisitions and divestments to ensure their alignment with corporation strategy and justification on economic grounds;
- Management of the day-to-day affairs of the Company including its people, processes, policies and systems;
- Maintain effective relationships with the Company's stakeholders including Board members, shareholders, customers, suppliers and other government and business liaisons;
- Ensure statutory, legal and regulatory compliance;
- Ensure all material matters that affect the Company are brought to the Board's attention; and
- Select, appoint and assess the performance of senior management (direct reports).

As with all other Directors, the Executive Chairman is not entitled to vote or participate in the deliberations on any matter in which there is a conflict of interest and/or is a related party transaction.

### **Role of Company Secretary**

The Company Secretary is charged with facilitating the Company's corporate governance processes and holds primary responsibility for ensuring that the Board processes and procedures are carried out efficiently and effectively.

The Company Secretary is accountable to the Board, through the Executive Chairman, on all governance matters. The Company Secretary is appointed and dismissed by the Board and all Directors have access to the Company Secretary.

### **Performance Evaluation**

The Board shall evaluate its performance annually and take appropriate action to address desired improvements in respect of areas where there is a need to enhance its role, effectiveness, processes or composition within the scope of the charter.

The Board shall evaluate the performance of the Board Committees annually against the requirement of their respective charters.

### **Review of Charter**

The Board shall review this Charter as required. Approval of the Charter is by way of a resolution of the Board.

This Charter was approved by the Board of the Company on 12 August 2016.