

# BOARD CHARTER

## CAZALY RESOURCES LIMITED ("COMPANY")

Cazaly Resources Limited is a well-established mineral resources company focused on exploring and developing high quality assets in Australia and overseas. The Company is led by skilled, qualified mining business professionals with a drive and passion for the mining industry.

Cazaly continues to be strongly committed to:

- respecting the environment;
- the safety and well-being of its personnel;
- the culture and diversity of its people;
- the sustainable development of communities in which it operates; and
- acting with the utmost integrity, honesty and good faith

Cazaly values are to remain dedicated to maximising returns for its shareholders, promoting and adhering to industry best practice across all disciplines, engaging and understanding all stakeholders and to remain a highly respected and sound corporate citizen.

### Role of the Board

The Board is responsible for providing the leadership on the overall governance, management and strategic direction of the Company and for delivering accountable corporate performance in accordance with the Company's visions, goals and objectives.

### Role of Senior Management

The role of senior management is to progress the strategic direction provided by the Board. In particular, the Managing Director, or equivalent, is responsible for the day-to-day management of activities for the Company in advancing the strategic direction.

### Responsibilities of the Board

The Board is collectively responsible for promoting the success of the Company by:

- (a) overseeing the Company, including its control and accountability systems;
- (b) appointing the Managing Director, or equivalent, for a period and on terms as the directors see fit and, where appropriate, removing the Managing Director, or equivalent;
- (c) ratifying the appointment and, where appropriate, the removal of senior management, including the Chief Financial Officer and the Company Secretary;
- (d) approving and monitoring compliance with the Company's *Code of Conduct, Diversity Policy, Whistleblower Policy and Anti-Bribery and Corruption Policy*;
- (e) approving the Company's policies on risk oversight and management, internal compliance and control, corporate governance and legal compliance;
- (f) satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;
- (g) assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- (h) monitoring, reviewing and challenging senior management's performance and implementation of strategy;

- (i) ensuring appropriate resources are available to senior management;
- (j) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (k) approving the annual budget and monitoring the financial performance of the Company;
- (l) ensuring the integrity of the Company's financial (with the assistance of the Audit Committee, if applicable) and other reporting through sound approval and monitoring processes;
- (m) providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- (n) appointing the external auditor (based on recommendations of the Audit Committee, if applicable) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- (o) engaging with the Company's external auditors and Audit Committee (if applicable);
- (p) monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, climate change, native title, cultural heritage and occupational health and safety; and
- (q) make regular assessment on the independence of its non-executive directors.

The Board may not delegate its overall responsibility for the matters listed above. However, it may delegate to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility provided those matters do not exceed the Board approved Materiality Threshold as defined below.

Directors are encouraged to request information from senior executives where they consider such information necessary to make informed decisions.

## **Materiality Threshold**

### ***Materiality – Quantitative***

#### *Balance sheet items*

Balance sheet items are material if they have a value of more than 10% of pro-forma net assets.

#### *Profit and loss items*

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

### ***Materiality – Qualitative***

Items are also material if:

- (a) they impact on the reputation of the Company;
- (b) they involve a breach of legislation or may potentially breach legislation;
- (c) they are outside the ordinary course of business;
- (d) they could affect the Company's rights to ownership of its assets;
- (e) if accumulated they would trigger the quantitative tests;
- (f) they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or
- (g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution (if applicable) of more than 10%.

### ***Material Contracts***

Contracts will be considered material if:

- (a) they are outside the ordinary course of business;

- (b) they contain exceptionally onerous provisions in the opinion of the Board;
- (c) they impact on income or distribution in excess of the quantitative tests;
- (d) any default, should it occur may trigger any of the quantitative or qualitative tests;
- (e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- (f) they contain or trigger change of control provisions;
- (g) they are between or for the benefit of related parties; or
- (h) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("**Materiality Threshold**").

### **Statement of Position or Authority**

The division of responsibilities between the Chair and the Managing Director is set out below.

### **Responsibilities of the Chair**

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chair is also responsible for shareholder communication and arranging Board performance evaluation. The Chair should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between board and senior management.

Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

### **Responsibilities of the Managing Director**

The Managing Director is responsible for managing the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their responsibilities the Managing Director must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is likely to fall within the Materiality Threshold.

All reports to the Board must present a true and fair view of the Company's financial condition and operational results.

The Managing Director is also responsible for appointing and, where appropriate, removing senior management, including the Chief Financial Officer and the Company Secretary, with the approval of the Board. The Managing Director is responsible for evaluating the performance of senior management including a formal annual review.

### **Responsibilities of Non-Executive and/or Independent Directors**

The Board determines and assesses, on a regular basis, whether each of the non-executive directors of the Company is independent. The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the skills and experience required, in the context of the Company's operations and activities.

The independent directors may meet without other directors present, if appropriate.

### **Responsibilities of Directors and Officers**

Individual directors should devote the necessary time to the tasks entrusted to them. All directors should consider the number and nature of their directorships and calls on their time from other commitments.

Directors and officers of the Company must always be aware of their legal, governance and social obligations.

### **Independent Professional Advice**

The Board collectively and each Director individually, has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities, subject to the prior approval of the Chairman whose approval will not be unreasonably withheld. If permission is withheld, the matter may be referred to the whole Board.

### **Board Meetings**

The Board will meet approximately eight (8) times a year but no less than four (4) times per year. The Board may meet as often as required to fulfil their responsibilities.

To assist the smooth running of Board processes:

- Board papers are to be provided to all Board members and invitees, where possible, two (2) days prior to the meeting.
- Draft minutes of meeting are to be sent to Chairman and other directors within fourteen (14) days following the meeting.

The Board may review this policy from time to time. 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.

### **Company Secretary**

The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- Ensuring a good flow of information between the Board, its committees, non-executive directors and executive directors
- Monitoring policies and procedures of the Board
- Advising the Board through the Chairman of corporate governance policies
- Providing support and advice to individual directors, various board committees, senior executives and the Board in general
- Conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes
- Ensuring that compliance systems relating ASX Listing Rules and the Corporations Act are maintained and the Company and Board adhere to those
- Disseminating regulatory news announcement to the ASX

The appointment, removal and remuneration of the Company Secretary is a matter of the Board.

## **Responsibilities of Senior Management**

Senior management is responsible for supporting and assisting the Managing Director in the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

This Policy will be reviewed by the Board on an annual basis.

### **For and on behalf of the Board**

**Cazaly Resources Limited**

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