

# **METGASCO LIMITED**

## **BOARD CHARTER**

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## **1. Introduction**

This Charter sets out:

- a) The composition, role and responsibilities of the Board
- b) The matters specifically reserved to the Board and those delegated to the Managing Director and Chairman; and
- c) Procedures to promote the effective operation of the Board and each Director.

## **2. Composition of the Board**

### **Number of Directors**

In accordance with the Company's Constitution, the minimum number of Directors is three and the maximum number of Directors is nine.

### **Independent Directors**

In consideration to the size and activities of the Company, the Board maintains an independent Chairman. The Board intends to add additional independent Directors over time to achieve an outcome whereby the majority of the Board are non-executive Directors who are assessed to be independent.

### **Chairman**

The Director's will elect one of the Directors to act as Chairman who:

- a) Is a non-executive Director; and
- b) Has not previously served as Managing Director of the Company

## **3. Role and Responsibilities of the Board**

The Board's role is to govern the Company, whilst it is the role of the executive management to manage the organization in accordance with the direction of the Board.

The Board is responsible for, and has the authority to determine, all matters relating to policies, practices, management and operations of the Company. The primary objective of the Company is to acquire, explore, develop and operate profitable resource and associated infrastructure projects to create and deliver sustainable value for shareholders.

The Board has the final responsibility for the successful implementation of the strategies and the ongoing operation and performance of the Company.

### **Responsibilities of the Board**

The Board is responsible for:

- a) Setting and endorsing the strategic direction on all matters of importance to the Company, setting the Company's financial objectives and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;

- b) Oversight of the Company, including its control and accountability systems;
- c) Ensuring that the performance of management is regularly assessed and monitored;
- d) Setting the Company's values and standards of conduct and ensuring that these are adhered to;
- e) Establishing a framework of prudent and effective controls which allow for risk to be assessed and managed;
- f) Appointing and approving the terms and conditions of the appointment of the Managing Director and reviewing and providing feedback on the performance of the Managing Director and other officers and senior management;
- g) Reviewing the performance of the Board, individual directors and board committees;
- h) Endorsing the terms and conditions of senior executives through the remuneration committee;
- i) Safeguarding the interests of the Company's shareholders, employees, customers, suppliers and the communities in which it operates;
- j) Monitoring compliance with legal and ethical obligations;
- k) Approving the annual budget and business plan, major operating and capital budgets and material variations to these budgets;
- l) Authorise expenditure approval limits for the executive officers of the Company and authorize expenditure in excess of these discretionary limits;
- m) Approving all mergers, acquisitions and disposals of projects and businesses;
- n) Authorising the issue of securities and instruments of the Company;
- o) Ensuring that the Company conducts all its activities in an environmentally responsible and sustainable way by planning and managing all activities to ensure minimum environmental impact;
- p) Determining and implementing policies and procedures to ensure that the ASX is promptly and adequately informed of all matters considered to be material, in accordance with the Company's continuous disclosure obligations.

### **Responsibilities of the Chairman**

The Chairman is responsible for:

- a) Leadership of the Board;
- b) Ensuring effective performance of the Board;
- c) Chairing the meetings of the Board in an impartial manner, ensuring that meetings are properly constituted, a quorum is present, minutes of previous meetings are considered as required, all directors have a fair opportunity to participate and the meeting is declared closed.
- d) Developing a regular schedule of board meetings, setting the agenda for the meetings and ensuring there is adequate time and balance allowed between strategic, operational and compliance issues;

- e) Ensuring that issues relating to conflicts of interest between the company and its directors and employees are properly dealt with in accordance with the Constitution and Corporations Act;
- f) Chairing the Annual General Meeting and any Extraordinary General Meetings and ensure that shareholders have adequate opportunity to ask questions and provide their comments in relation to the management of the company;
- g) Ensuring that there is an external audit partner present at the AGM and is available to answer any questions raised by shareholders;
- h) Liaison between the Board and management including the provision by management to Directors of accurate, timely and clear information;
- i) Arranging regular evaluation of the performance of the Board and its Committees and of individual Directors and if required, implement changes to improve the effectiveness of the Board or Committees;
- j) Ensuring Directors continually update their skills in order to fulfill their role on the Board and Board Committees; and
- k) Ensuring effective communication with shareholders and other stakeholders.

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

The Managing Director is responsible for:

- a) The efficient and effective operation of the Company;
- b) Ensuring Directors are provided with accurate and clear information in a timely manner to promote effective decision making by the Board; and
- c) Ensuring that all material matters that affect the Company are brought to the Board's attention.

#### **4. Conduct of Directors**

All Directors, officers, employees and consultants are to comply with the Company's Code of Conduct and Securities Trading Policy.

Each Director must advise the Company Secretary in writing immediately of any relationship or transaction that will or is reasonably likely to impair the independence of the Director.

Directors must comply with relevant legislation impacting on their activities as Directors and with all policies established by the Board.

Directors will have reasonable access to the Company Secretary and to the Company's other senior managers at all times for information purposes.

#### **5. Composition of the Board**

##### **Criteria**

Directors are appointed under the terms of the Company's constitution. Appointments to the Board are based upon merit, skills, expertise and experience.

## **Independence**

The independence of Directors will be assessed regularly. The Board considers that an independent Director is one who:

- a) Is not a member of management;
- b) Is not a substantial shareholder of the company or associated with a substantial shareholder of the company;
- c) Within the last 3 years has not been employed in an executive capacity by the company or been a director after ceasing to hold any such employment;
- d) Within the last 3 years has not been a principal of a material professional advisor or a material consultant to the Company;
- e) Is not a material supplier or customer of the company or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- f) Has no material contractual relationship with the company;
- g) Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- h) Is free from any business interest that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

## **6. Committees**

The Board may establish standing and temporary committees to which it may delegate some of its powers. In doing so, the Board may adopt charters setting out the matters relevant to the composition, responsibilities and functions of such committees and other matters that the Board may consider appropriate. The Board notes that an Audit committee is not required for Companies which are not included in the S&P/ASX All Ordinaries Index. While the Company is not included in this index it is not intended that such committees be established and the Board will meet as a whole to consider matters that would otherwise be addressed by specialist committees.

At an appropriate time, the Board may establish the following:

### **Audit and Risk Management Committee**

The Audit and Risk Management Committee will comprise:

- a) At least 2 members
- b) Only non-executive directors
- c) An independent chairperson

The Audit and Risk Management Committee will have a charter that clearly sets out its roles and responsibilities, composition, structure and membership requirements. This committee charter will be reviewed annually.

### **Remuneration Committee**

The Remuneration Committee will comprise:

- d) At least 2 members
- e) Only non-executive directors
- f) An independent chairperson

The Remuneration Committee will have a charter that clearly sets out its roles and responsibilities, composition, structure and membership requirements. This committee charter will be reviewed annually.

### **Corporate Governance and Nominations Committee**

The Corporate Governance and Nominations Committee will comprise:

- g) At least 2 members
- h) Only non-executive directors
- i) An independent chairperson

The Corporate Governance and Nominations Committee will have a charter that clearly sets out its roles and responsibilities, composition, structure and membership requirements. This committee charter will be reviewed annually.

## **7. Delegation of Powers**

In order to ensure the efficient management of the Company, the Board recognizes the need to delegate certain of its powers to executive management.

### **Powers Reserved to the Board**

In addition to those matters specifically reserved by law, the powers and functions reserved to the Board are:

- a) Appointing and removing, as well as determining terms and conditions of appointment of the Managing Director;
- b) Appointing and removing, as well as determining terms and conditions of appointment of key senior executives including the Chief Financial Officer, the Company Secretary and the Director of Operations;
- c) Input into and final approval of management's development of corporate strategy and performance objectives;
- d) Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- e) Setting performance goals, monitoring senior management's performance against such goals and implementation of strategy and ensuring appropriate resources are available to management;
- f) Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestments;
- g) Approving and monitoring financial and other reporting;

- h) Subject to applicable legal requirements, recommending and authorizing the distribution of interim and final dividends;
- i) Recommending the appointment and removal of external auditors and setting the remuneration of the external auditors; and
- j) Determining and reviewing remuneration policies for the Company and approving the remuneration of the Managing Director and key senior executives.

### **Powers Delegated to the Managing Director and Senior Executives**

Other than the powers expressly reserved by the Board under this Charter, the Board delegates responsibility for the day to day management of the Company and its operations to its Managing Director and senior executives.

## **8. Meetings**

The Board will meet regularly, at the times determined by the Chairman, but not less than six scheduled times a year.

In accordance with Clause 59.1 of the Company's Constitution, a Director may convene a meeting of the Board at any time, subject to reasonable notice being provided to other Directors.

The Company Secretary will distribute in advance of a meeting of the Board an agenda and any related papers to each member of the Board.

The Company Secretary will:

- a) Prepare minutes of meetings of the Board and have them approved by the Chairman after review by the Board; and
- b) Ensure that draft Board minutes are distributed to all Directors for review prior to Board meetings.

## **9. Indemnity, Access and Insurance**

Each Director has entered into an agreement with the Company in which the Company agrees to:  
Indemnify the Director against the liability arising out of the discharge of the Director's duties;  
Provided that insurance cover can be obtained at reasonable rates and on reasonable terms, to maintain an insurance policy for the Director against liability incurred in their capacity as Director; and  
Provide access to Company material as required for proper purposes.

## **10. Independent Professional Advice**

If a Director considers it is necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

## **11. Review of Board Charter**

The Board will review this Charter annually to ensure it remains consistent with the Board's objectives and responsibilities.