

## **Corporate Governance Policies**

### **Board Charter**

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# 1. Board Charter

## 1.1 Role of the Board

The Board of Directors is responsible for guiding and monitoring Talga Resources Ltd (**Company**) on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company.

The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders. The specific responsibilities of the Board include:

- (a) overseeing the Company, including its control and accountability systems;
- (b) appointment, evaluation, rewarding and if necessary the removal of the Managing Director (or equivalent), the Company Secretary and senior management personnel;
- (c) ratifying the appointment, and where appropriate, the removal, of senior executives;
- (d) formally resolving to appoint and, where appropriate, to remove the Company Secretary;
- (e) in conjunction with members of the senior management team, develop corporate objectives, strategies and operations plans and approve and appropriately monitor plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestments and major funding activities;
- (f) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (g) approving the Company's remuneration framework;
- (h) monitoring the effectiveness of the Company's governance practices;
- (i) approving and monitoring compliance with the Company's Diversity Policy;
- (j) if considered appropriate, establishing measurable objectives for achieving gender diversity in accordance with the Company's Diversity Policy, and if established, annually reviewing those objectives and the Company's progress towards achieving them;
- (k) establishing appropriate levels of delegation to the executive Directors to allow them to manage the business efficiently;
- (l) monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company, including the reviewing and approving of annual budgets and major capital expenditure;

- (m) monitoring the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available to them;
- (n) identifying areas of significant business risk and ensure that the Company is appropriately positioned to manage those risks;
- (o) satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- (p) monitoring that the integrity of appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- (q) appointing the external auditor 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;
- (r) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct;
- (s) monitoring compliance with all of the Company's legal obligations, including obligations regarding the environment, native title, cultural heritage and occupational health and safety; and
- (t) making regular assessment of whether each non-executive director is independent

While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it may make use of committees. The Board has established an Audit and Risk Committee and Remuneration Committee. The Board has not established a Nomination Committee and until such time as the Board determines that it is appropriate to establish a Nomination Committee, the function of the Nomination Committee as set out in this Charter will be performed by the Board.

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company and subject to the prior Board approval, the Company will pay the reasonable expenses associated with obtaining such advice.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter.

In accordance with the constitution of the Company, directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every 3 years. The constitution does not specify a maximum term for which a director may hold office.

The Board may not delegate its overall responsibility for the matters listed above. However, the responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive directors.

While there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with

the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- (a) Board approval and monitoring of a strategic plan;
- (b) approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- (c) procedures are in place to incorporate presentations at each Board meeting by financial, operations, exploration and marketing management, as appropriate.

## **1.2 Independent Directors**

The Board assesses whether each of the non-executive director of the Company is independent on a regular basis.

An Independent Director is a Director who is not a member of management and who is 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 judgement.

It is the Board's policy that in determining a director's independence, the Board considers the relationships which may affect independence as set out in Box 2.3 of the ASX Corporate Governance Council's Principles and Recommendations; whether a Director:

- (a) is, or has been, employed in an executive capacity by the Company or any of its subsidiaries and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (b) is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company or any of its subsidiaries;
- (c) is, or has been within the last three years, in a material business relationship (eg as a supplier or customer) with the Company or any of its subsidiaries, or an officer of, or otherwise associated with, someone with such a relationship;
- (d) is a substantial security holder of the Company or an officer of, or otherwise associated with, a substantial holder of the Company;
- (e) has a material contractual relationship with the Company or its subsidiaries other than as a director;
- (f) has close family ties with any person who falls within any of the categories described above; or
- (g) has been a director of the Company for such a period that his or her independence may have been compromised.

For this purposes a substantial holder is a person with a substantial holding as defined in section 9 of the Corporations Act, being 5% or more.

The assessment of whether a Board member is independent is a matter of judgement for the Board as a whole and includes concepts of materiality. In the context of independence, materiality is considered from both a quantitative and qualitative perspective. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of an appropriate base amount. Qualitative factors considered include the nature of the relationship or contractual

arrangement and factors that could materially interfere with the independent exercise of the director's judgement.

If a Director's independent status changes, this will be disclosed to the market in a timely manner.

### **1.3 Role of the Chair**

The Chair is responsible for the leadership of the Board, for the efficient organisation and conduct of the Board's functioning and for the briefing of all directors in relation to issues arising at Board meetings. The Chair is also responsible for overall shareholder communication, chairing shareholder meetings, arranging Board performance evaluation, and presides over meetings of the Board. The Chair is responsible for leading and managing the Board in the discharge of its duties.

The Chair should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the Board and management.

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

### **1.4 Role of the Managing Director**

The roles of the Chair and Managing Director should not be combined except in particular circumstances, in particular where the size of the company necessitates the combining of the roles and is approved by the Board.

The Managing Directors' duties are to:

- (a) have the overall responsibility for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board. In carrying out his/her responsibilities, the managing director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results;
- (b) devote the whole of his or her time, attention and skill during normal business hours and at other times as reasonably necessary, to the duties of the office;
- (c) be accountable for planning, coordinating and directing the operations of the company;
- (d) promote the interests of the Company; and
- (e) faithfully and diligently perform the duties and exercise the powers consistent with the position of a Managing Director of the Company and assigned by the Board.

In fulfilling his or her duties, the Managing Director:

- (a) reports directly to the Board;
- (b) provides prompt and full information to the Board regarding the conduct of the business of the Company; and
- (c) complies with reasonable directions given by the Board.

## **1.5 Role of the Company Secretary**

The Company Secretary's role is to support the effectiveness of the Board. Each director should be able to communicate directly with the Company Secretary and vice versa.

The responsibilities of the Company Secretary include;

- (a) advising the Board on corporate governance matters;
- (b) monitoring that Board policy and procedures are being followed;
- (c) co-ordinating the timely completion and despatch of Board papers;
- (d) ensuring that the business at board meetings is accurately captured in the minutes; and
- (e) helping to organise and facilitate the induction and professional development of directors

## **1.6 Roles 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 should be aware of their legal obligations. Directors are encouraged to request information from management where they consider such information necessary to make informed decisions.

The Board will review this Board Charter at least annually, and update it as required.