

# PENINSULA MINERALS LIMITED

## BOARD CHARTER

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### Role of the Board

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

The Board has responsibility for, and has the authority to determine, all matters relating to policies, practices, management and operations of Peninsula Minerals Limited ("Peninsula Minerals" or "Company"). It is required to do all things necessary to determine the objectives and the strategy, and to ensure that the strategy is carried out in order to achieve the objectives of the Company.

The principle objective of the Company is to acquire, explore, develop and operate (or otherwise exploit) profitable resource 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 operations and performance of the Company.

Without limiting the generality of that stated role, the matters reserved specifically for the Board includes:

- a) Determining the vision and objectives of the Company;
- b) Formulating short term and long terms strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- c) Identifying occupational health, safety and environmental issues and formulating and implementing policies to address and manage them and to monitor the compliance and effectiveness of these policies;
- d) Identifying other material business risks pertaining to the Company's operations, and to develop and implement strategies to manage these risks, and internal control systems to monitor compliance with and the effectiveness of these strategies;
- e) Appointing and approving the terms and conditions of the appointment of the Managing Director or Chief Executive Officer.
- f) Establishing and determining the powers and functions of the committees of the Board, including the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee.
- g) Reviewing and providing feedback on the performance of the Managing Director and / or Chief Executive Officer and other officers and senior management;
- h) Reviewing the performance of the Board, individual directors and Board committees;

- i) Endorsing the terms and conditions of senior executives through the Remuneration Committee;
- j) Approving and fostering an appropriate culture for the Company that is directly aligned to its value, strategies and objectives;
- k) Identifying all areas where written Board policy is required, determining the policies, and overseeing the implementation and monitoring of compliance, including policy in relation to code of conduct, related party transactions, and trading in the Company's securities;
- l) Approving the annual budget, and variations thereto;
- m) Approving major operating and capital budgets, and material variations to these budgets;
- n) Authorise expenditure approval limits for the Managing Director / Chief Executive Officer, and authorise expenditure in excess of these discretionary limits;
- o) Approving all mergers, acquisitions and disposals of projects and businesses;
- p) Consider the reports from Committees and the recommendations made;
- q) Reviewing annually the progress and performance of the Company towards meeting its objectives;
- r) Reviewing periodically the process, outcomes and effectiveness of the Company's decisions and strategies, and ensuring that valuable lessons are identified, and absorbed into the process and framework for making future decisions;
- s) Authorising the issue of securities and instruments of the Company;
- t) Approving processes, procedures and internal control systems to ensure that the Company's financial results are reported on a timely and accurate basis;
- u) Approving the Half Yearly and Annual Financial Reports, Annual Report, notice of general meeting, and profit and dividend announcement;
- v) Determining, implementing and monitoring procedures to ensure that the ASX is promptly and adequately informed of all matters considered to be material, in accordance with the continuous disclosure obligations;
- w) Monitoring developments in the Company's industry and general operating environment;
- x) Developing strategies and procedures for crisis management of the Company;
- y) Encouraging effective communication between the Company and its shareholders, employees and the general public; and,

- z) Establishing and encouraging effective communication channels between the Company and shareholders and other parties having legitimate interests that may be effected by the Company's activities;

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### **Powers of the Board of Directors**

In order to ensure the efficient management of the Company, the Board recognises the need to delegate certain of its powers to executive management. These powers may be delegated to a committee of the Board, an individual director, or to an officer or employee of the Company.

In delegating this power, the Board must be satisfied that the delegate will exercise it reliably and competently, and in accordance with the requirements of the Board. The Board accepts responsibility for the manner in which the delegated powers are exercised, and must monitor the efficiency and effectiveness of the exercise of these powers by the delegate.

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### **Delegation of Authority to Managing Director / Chief Executive Officer and Senior Management**

The Board delegates responsibility for the day-to-day management of the Company and its operations to its Managing Director / Chief Executive Officer and senior management. This delegation of authority includes responsibility for:

- (a) Formulating with the Board, the vision, strategies, business plans and budgets, and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) Operating the Company's businesses within the parameters and having regard to the policies set by the Board from time to time, and keeping the Board informed of material developments in relation to those businesses;
- (c) Where proposed transactions, commitments or undertakings exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- (d) Identifying material business risks, formulating strategies in conjunction with the Board or the Audit and Risk Management Committee to manage the risks, and monitoring effectiveness of the management process and reporting to the Board and Audit and Risk Management Committee;
- (e) Developing and managing financial reporting and internal control and monitoring systems to ensure that they are efficient and effective, and provide adequate and timely financial information pertaining to the performance, condition, and prospects of the Company;
- (f) Implementing and monitoring compliance with the policies, processes and codes of conduct approved by the Board;
- (g) Negotiating the terms and conditions of appointment of senior executives for Board approval, appointing the senior management team, and endorsing the terms and conditions of appointment of all other staff members;

- (h) Implementing and monitoring compliance with policies, processes and procedures for the management and development of the Company's human resources, including the corporate culture and ethics;
- (i) Providing strong leadership to, and effective management of, the Company in order to:
  - 1) Encourage co-operation and teamwork;
  - 2) Build and maintain staff morale at a high level; and,
  - 3) Build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company.
- (j) Ensuring that all matters requiring review or approval by the Board are raised with sufficient supporting information and advance notice to allow proper consideration by the Board; and,
- (k) Report to the Board on a monthly basis, or other agreed time frame considered to be appropriate by the Board, the performance of all parts of the business against budget.

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### **Chairman's Responsibilities**

The Chairman's responsibilities include:

- (a) 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;
- (b) Developing a regular schedule of Board meetings, setting the agenda for the meetings in consultation with the Managing Director / Chief Executive Officer, and ensuring there is adequate time and balance allowed between strategic, operational and compliance issues;
- (c) 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 the Corporations Act;
- (d) Understanding of Board and general meeting rules and procedures;
- (e) Chair 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;
- (f) Ensure that the external audit partner is present at the AGM and available to answer any questions raised by shareholders;
- (g) Provide leadership and ensure the effective performance of the Board;
- (h) Ongoing relations with management that are conducive to productive co-operation, and ensure 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;
- (j) Ensuring directors continually update their skills and experience and knowledge of the Company necessary to fulfil their role on the Board and Board Committees;
- (k) Establishing a protocol to be applied in the event that the Chairman is absent from meetings of the Board.

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## Board Structure

### 1. Criteria for Appointment

Directors are appointed under the terms of the Company's constitution. Appointments to the Board are to be based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise and experience on the Board. The categories considered necessary for this purpose is a blend of accounting and finance, business, technical and administration skills.

### 2. Formality of Appointment

Directors should be appointed pursuant to formal agreements. The expectations for time to be committed, and involvement in Committees and other activities of the Company should be set out in writing.

An induction pack should be provided to new directors including information in relation to the Company's businesses, structure, constituent documents, financial position and strategic and business plans.

### 3. Independent Directors

The Company maintains a majority of non-executive directors and where appropriate, giving consideration to the size and activities of the Company, a majority if directors will also be independent.

The Board considers that an independent directors is a non-executive director who also:

- a) Is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- b) Within the last 3 years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment.
- c) Within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provider.
- d) Is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.

- e) Has no material contractual relationship with the Company or another group member other than as a director of the Company.
- f) Has not served on the Board for a period that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- g) Is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

4. Role of Non-executive directors:

Non-executive Directors collectively should:

- (a) Challenge executive management and contribute to the development of strategy;
- (b) Scrutinise the performance of executive management against agreed objectives and strategies;
- (c) Monitor the quality, quantity and efficiency of internal and external reporting of Company performance;
- (d) Review independently and challenge the proposals presented by executive management, requesting additional information where they consider the information provided is not sufficiently detailed to support informed decision-making; and
- (e) Take reasonable and proper steps to satisfy themselves that financial information released to the markets and shareholders is accurate, and that there are adequate and proper financial controls and systems of risk management and that the controls are maintained and the systems robust.

Non-executive Directors individually should:

- (a) Take the time to ensure they are properly informed about the subject matter of all decisions they are called upon to make as Directors of the Company;
- (b) Monitor their own performance, taking into account their other time commitments, state of health, potential conflicts of interest, and personal circumstances, to determine whether they can properly discharge their duties and responsibilities as a Director of the Company, and provide quality assistance to enable the Company to achieve its objectives;
- (c) Undertake ongoing education to maintain appropriate skill levels, and attend site visits to the Company to assist with the need to remain familiar with the Company's business activities.

5. Annual Review of Non-executive directors

Board composition should be reviewed annually by the Nominations Committee to ensure that the non-executive directors between them bring the range of skills, knowledge and experience necessary to direct the Company in the future, taking into

account its current operations and expectations for changes in the nature and scope of its activities.

#### 6. Conflicts of Interest and Potential Conflicts of Interest

A Director must inform the Board or the Chairman, as soon as the Director becomes aware of any conflict or potential conflict of interest, which that Director may have in relation to any transaction or matter relevant to the Company or its business. Unless the Board decides otherwise, the Director should be absent from any discussion and decision on that transaction or matter.

#### 7. Compliance with Legislation and Board Policy

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

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### Board Committees

The Board may establish as required, standing and temporary committees to which it may delegate some of its powers. In order to define the role, responsibility, powers, structure, composition, operation and administration of each committee, the Board and committee should adopt a charter.

The Board will have the following committees:

- ❖ Audit and Risk Management;
- ❖ Remuneration; and
- ❖ Nomination.

Whilst all Directors are non-executive and the Company's activities are such that a larger Board is not required the Board, in full, will constitute the required committees with the Chairperson of each to be qualified suitably.

#### Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for:

- ❑ Overseeing and appraising the quality of the external audit and the internal control procedures, especially in the following areas:
  - Financial reporting and practices;
  - Business ethics policies and practices;
  - Accounting policies; and
  - Management and internal controls.
- ❑ Providing through regular meetings, a forum for communication between the Board, senior financial management staff involved in internal control procedures, and the external auditors;

- ❑ Enhancing the credibility and objectivity of financial reports with other interested parties;
- ❑ Enhancing the environment for identifying, analysing, managing and monitoring the operating risks involved in the business activities of the Company;
- ❑ Ensure that executive management are extensively involved in, and vouch for, the adequacy and effectiveness of the risk management systems.

Having regard to the size and business of the Company, the Audit and Risk Management Committee should consist of:

- Only non-executive directors;
- At least 3 members;
- A majority of independent directors; and,
- An independent chairperson, who is the chairperson of the Board.

### Remuneration Committee

The Remuneration Committee will be responsible for:

- Setting policies for senior officers' remuneration;
- Setting policies for directors' remuneration;
- Making specific recommendations to the Board on remuneration of directors and senior officers;
- Setting the terms and conditions for the appointment of the Managing Director;
- Undertaking the review of the Managing Director's performance, at least annually, including setting with the Managing Director the goals for the coming year and reviewing progress in achieving these goals.

Having regard to the size and business of the Company, the Remuneration Committee should consist of:

- At least 2 members;
- Only non-executive directors;
- A majority of independent directors;
- An independent chairperson.

### Nominations Committee

The Nominations Committee will be responsible for:

- Devising criteria for Board membership for approval by the full Board;
- Identifying specific individuals for nomination;
- Making recommendations to the Board for new directors and membership of committees;
- Assisting the chairperson in advising directors about their performance and possible retirement;

- Overseeing management of succession plans, including the Managing Director and senior management.

Having regard to the size and business of the Company, the Nominations Committee should consist of:

- At least 2 members;
- Only non-executive directors;
- A majority of independent directors;
- An independent chairperson.

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### **Committee Requirements**

- Each Committee should report to the Board, as it considers appropriate having regard to matters and issues of significance that may arise, but in any case at least annually;
- The minutes of all committee meetings should be included in the Board pack of directors for each Board meeting, except where the Chairperson considers it inappropriate due to potential conflicts.

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### **Board Performance**

The Board has a process for reviewing its performance and that of its individual directors, committees and senior management. The Board meets annually to review the outcome of this process.

The annual procedure for Board performance evaluation will be to:

- review of its performance against the terms of the Company's charter,
- review the performance of committees against the terms of their charters,
- review the contribution of each director;
- review the changes that may be required to the charter of the Board or its committees, taking into account the developments in the Company and its businesses over the preceding year, and in corporate governance practices.

The Board, through the processes of the Nominations Committee, will determine the scope and detailed procedures involved in this performance evaluation.

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### **Indemnity and Insurance**

Each Director has entered into an agreement with the Company in which the Company agrees to: deed with Peninsula Minerals Limited under which the Company has agreed to:

- indemnify the Director against the liability arising out of the discharge of the Director's duties;

- provided 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 a Director;
- provide access to Company material as required for proper purposes.

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### **Independent Professional Advice**

If a Director considers it 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 chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.