

PACIFIC BAUXITE LIMITED BOARD CHARTER

PART A – DEFINING GOVERNANCE ROLES

1. ROLE OF THE BOARD

1.1 Function

The Board of Directors of Pacific Bauxite Limited (Pacific Bauxite or the Company) at a meeting held on 29 April 2015 have approved the following charter formalising the functions and responsibilities of the Board (Board Charter). The Board is ultimately responsible for all matters relating to the running of the Company.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. Thus, except when dealing with specific management delegations of individual Directors (particularly Executive Directors), it is misleading to refer to the management function of the Board.

The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

1.2 Objective

The objective of the Board is to provide an acceptable rate of return to the Company's shareholders taking into account the interests of the company's employees, customers, suppliers, lenders and the communities in which it operates.

1.3 Responsibilities

The Board is responsible for:

- Overseeing and approving the Company's strategic and operating objectives;
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments;
- Being responsible for the Company's senior management and personnel including appointing and, where appropriate, removing the MD;
- Ratifying the appointment, and where appropriate, the removal of the CFO and the Company Secretary;
- Evaluating the performance of the MD and the Senior Management Team and determining their remuneration;
- Delegating appropriate powers to the MD and senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- Ensuring that policies and procedures are in place and are consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters.
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders.

2. BOARD STRUCTURE

2.1 Number of Directors

The Board has determined that, consistent with the size of the Company and its activities, the Board shall be comprised of three Directors, two of whom are non-executive.

The Board recognises that best practice occurs when the Board comprises a majority of non-executive directors. The Board continues to strive to meet the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX or other such principles and guidance as the Board may consider appropriate from time to time, however the Board also recognises that complying with the ASX

Corporate Governance Council Recommendation 2.1 "A majority of the Board should be independent directors" is impractical given the size of the company and the industry in which it operates.

The Board instead aims to assess the independence of the Company's non-executive Directors on an ongoing basis and requires full disclosure where conflicts of interests arise.

2.2 Appointment of Directors

Subject to the Corporations Act, the Directors may at any time appoint a person to be a director, either to fill a casual vacancy or as an addition to the existing directors. Every director appointed is required to hold office until they are removed by a resolution of the company passed at a general meeting until their office becomes vacant or they resign in writing.

2.3 Skills Required on the Board

In the opinion of the Board, all Directors should bring specific skills and experience that add value to the Company. The balance of skills and experience of the Board is to be regularly reviewed by the Board.

2.4 Duration of Appointment

In the interest of ensuring a continual supply of new talent to the Board, all Directors with the exception of the Managing Director will serve for a period of three years before they are requested to stand down for re-election.

The exception to this policy is that a Director who is serving as Chairman (when appointed) at the conclusion of the usual maximum term may serve an additional term in that role.

2.5 Vacation of Office

It is envisaged that Directors shall remain on the Board until required to vacate the office by law or as detailed in the Constitution. The terms and conditions for Directors are contained in their letter of appointment.

3. THE ROLE OF INDIVIDUAL DIRECTORS

As members of the principal decision-making body in the Company, Directors share ultimate responsibility for the Company's overall success. Therefore, Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities as set out in its Statement of Board Functions. Directors need to ensure that the Board is providing:

- leadership to the Company, particularly in the areas of ethics and culture;
- a clear and appropriate strategic direction;
- accountability to key stakeholders, particularly shareholders;
- oversight of policies;

- oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance;
- an effective senior management team and appropriate personnel policies; and
- timely and effective decisions on matters reserved to it.

3.1 Directors' Code of Conduct

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the company:

- will act honestly, in good faith and in the best interests of the whole Company;*
- owe a fiduciary duty to the Company as a whole;
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;*
- will undertake diligent analysis of all proposals placed before the Board;
- will act with a level of skill expected from directors and key executives of a publicly listed company;
- will use the powers of office for a proper purpose, in the best interests of the Company as a whole;*
- will demonstrate commercial reasonableness in decision making;
- will not make improper use of information acquired as Directors and key executives;*
- will not disclose non-public information except where disclosure is authorised or legally mandated;
- will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;*
- will not take improper advantage of the position of Director* or use the position for personal gain or to compete with the Company;
- will not take advantage of Company property or use such property for personal gain or to compete with the Company;
- will protect and ensure the efficient use of the Company's assets for legitimate business purposes;
- will not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company;*

- have an obligation to be independent in judgment and actions and directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;*
- will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally, towards achieving its goals;
- will not engage in conduct likely to bring discredit upon the company;*
- will encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees;
- will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;*
- will give their specific expertise generously to the company;
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code;*

(*From the AICD Code of Conduct)

(From the ASX Corporate Governance Council's Principles of Good Corporate Governance)

3.2 Expectations of Directors in Board Process

Since the Board needs to work together as a group, Directors need to establish a set of standards for Board meetings. At the Company, it is expected that Directors shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board. This will include, but not be limited to:

- behaving in a manner consistent with the letter and spirit of the Corporate Code of Conduct;
- acting in a businesslike manner;
- acting in accordance with the Constitution and Board policies;
- addressing issues in a confident, firm and friendly manner;
- preparing thoroughly for each Board or Committee event;
- using judgment, commonsense and tact when discussing issues;
- minimising irrelevant conversation and remarks;
- ensuring that others are given a reasonable opportunity to put forward their views;

- refraining from interruption or interjection when a speaker has the floor; and
- being particularly sensitive in interpreting any request or direction from the Chairman that aims to ensure the orderly and good-spirited conduct of the meeting.

Directors are expected to be forthright in Board meetings and have a duty to question, request information, raise any issue, and fully canvas all aspects of any issue confronting the Company, and cast their vote on any resolution according to their own judgment.

Outside the boardroom, however, Directors will support the letter and spirit of Board decisions in discussions with all stakeholders including any shareholders, special interest groups, customers, staff, suppliers and any other parties.

Directors will keep confidential all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. It is improper to disclose it, or allow it to be disclosed, unless that disclosure has had appropriate authorisation.

3.3 Conflict of Interest and Related Party Transactions

3.3.1 Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. An interest is considered material if it is greater than or equal to 5% of the base amount. On appointment, Directors will have an opportunity to declare any such interests and they will be entered into the Company's Register of Ongoing Conflicts of Interests.

Directors should update this disclosure by notifying the Company Secretary in writing as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chairman any actual or potential conflict of interest situation as soon as it arises. To ensure Directors have an opportunity to disclose new conflicts of interest, the first agenda item for each Board meeting will be the disclosure of any conflicts of interest. Any amendments to disclosures are to be tabled at this time and entered into the Register of Ongoing Conflicts of Interest.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors do not have to absent themselves when either (a) conflict of interest relates to an interest common to all Company members/shareholders or (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly

states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

3.3.2 Related Party Transactions

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in writing to each Board meeting.

In general, the Corporations Act requires related party transactions to be approved by the shareholders; the Board cannot approve these transactions. An exemption to this requirement occurs where the financial benefit is given on arm's length terms.

To assist the Board in showing that a financial benefit, such as the awarding of a contract to a company in which a Director is a partner, is given on arm's length terms, the process outlined below (Potential Related Party Transaction) will be followed. The Board has also resolved that where applications are made by a related party to a Director or officer of the Company then the Director or officer shall exclude himself/ herself from the approval process.

Related party for this process means:

- (a) a spouse or de facto spouse of the Director or officer; or
- (b) a parent, son or daughter of the Director or officer or their spouse or de facto spouse; or
- (c) an entity over which the Director or officer or a related party defined in (a) or (b) has a controlling interest.

The Company Secretary will maintain a Register of Related Party Transactions as well as the Register of Ongoing Conflicts of Interests to be updated within the Corporate Governance Manual.

3.3.3 Potential Related Party Transaction

To minimise the risk of a transaction being a related party transaction the following steps should be taken.

Step 1: Invite expressions of interest and circulate the following tender documentation:

- a. Invitation to Tender
- b. General Conditions of Tender
- c. General Conditions of Contract
- d. Special Conditions of Contract
- e. Specifications
- f. Response to Tender

Step 2: Tenderers should place their tenders in the tender box before the closing date stipulated in the Invitation to Tender. The tender box should be kept secure until opened.

Step 3: Form a Tender Evaluation Committee to review all tenders utilising the selection criteria stipulated in the Invitation to Tender. Tenders should not be assessed solely on the basis of who is cheaper, but on a number of related issues such as:

- open and effective competition;
- value for money;
- enhancing the capabilities of local business and industry;
- environmental protection; and
- ethical behaviour and fair dealing.

Members of the Tender Evaluation Committee should be officers with relevant skills and knowledge appropriate to the value and importance of the work being tendered and be free of any conflict of interest that might undermine the objectivity of the assessment. During the decision process the Tender Evaluation Committee should follow certain steps to ensure that a fair and equitable procedure has been carried out.

Step 4: The Tender Evaluation Committee or a delegated officer should prepare the recommendation. The recommendation should be in writing and contain detailed information so that the selection is fully justifiable.

Step 5: The recommendation should be forwarded to the approving authority, which should be the Board, the MD or a senior manager acting under delegation. Any person

with an interest in either the recommended tenderer or another tenderer should not be present for the discussion of the recommended tenderer and may not vote to approve or disapprove the recommended tenderer.

3.4 Emergency Contact Procedures

As there is the occasional need for urgent decisions, Directors should leave with the Company Secretary any contact details, either for themselves or for a person who knows their location, so that all Directors can be contacted within 24 hours in cases of a written resolution or other business.

4. THE ROLE OF THE CHAIRMAN

The Chairman's role is a key one within the Company. The Chairman is considered the "lead" Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes.

There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom and the Chairman's role outside the boardroom.

4.1 Inside the Boardroom

Inside the boardroom the role of the Chairman is to:

1. Establish the agenda for Board meetings in consultation with the MD;
2. Chair Board meetings. It is common practice that if the Chairman is not present within 10 minutes after the time appointed for the holding of that meeting, a Director chosen by a majority of Directors present shall assume the role;
3. Be clear on what the Board has to achieve, both in the long and short term;
4. Provide guidance to other Board members about what is expected of them;
5. Ensure that Board meetings are effective in that:
 - the right matters are considered during the meeting (for example, strategic and important issues);
 - matters are considered carefully and thoroughly;
 - all Directors are given the opportunity to effectively contribute; and
 - the Board comes to clear decisions and resolutions are noted;
6. Brief all Directors in relation to issues arising at Board meetings;
7. Ensure that the decisions of the Board are implemented properly;
8. Ensure that the Board behaves in accordance with its Code of Conduct; and
9. Commence the annual process of Board and Director evaluation.

4.2 Outside the Boardroom

Outside the boardroom the role of the Chairman is to:

1. In conjunction with the MD, undertake appropriate public relations activities;
2. Be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures;
3. Be the major point of contact between the Board and the MD;
4. Be kept fully informed of current events by the MD on all matters which may be of interest to Directors;
5. Regularly review with the MD, and such other senior officers as the MD recommends, progress on important initiatives and significant issues facing the Company;
6. Provide mentoring for the MD; and

7. Initiate and oversee the annual MD evaluation process.

5. THE ROLE OF THE COMPANY SECRETARY

The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have as of right access to the Company Secretary.

The tasks of the Company Secretary shall include:

Meetings and Minutes

- notifying the directors in writing in advance of a meeting of the Board as specified in the Constitution;
- ensuring that the agenda and Board papers are prepared and forwarded to Directors prior to the Board meeting as set out in the Board Policy Manual;
- recording, maintaining and distributing the minutes of all Board and Board Committee meetings as required;
- maintaining a complete set of Board papers at the Company's main office.
- preparing for and attending all annual and extraordinary general meetings of the Company; and
- recording, maintaining and distributing the minutes of all general meetings of the Company.

Compliance

- overseeing the Company's compliance program and ensuring all Company legislative obligations are met;
- ensuring all requirements of ASIC, the ATO and any other regulatory body are fully met; and
- providing counsel on corporate governance principles and Director liability.

Governance Administration

- maintaining the Register of Ongoing Conflicts of Interests and the Register of Related Party Transactions;
- maintaining a Register of Company Policies as approved by the Board;

- maintaining, updating and ensuring that all directors have an up-to-date copy of the Board Charter and associated governance documentation;
- maintaining the complete list of the delegations of authority;
- reporting at each Board meeting the documents executed under a power of attorney, documents executed in accordance with section 127 of the Corporations Act, and reporting on the use of the seal register; and
- any other services the Chairman or Board may require.

6. THE ROLE OF THE MD

The Managing Director (MD) is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board. The position reports directly to the Board.

The MD's primary objective is to ensure the ongoing success of the Company through being responsible for all aspects of the management and development of the company. The MD is of critical importance to the Company in guiding the company to develop new and imaginative ways of winning and conducting business. The MD must have the industry knowledge and credibility to fulfil the requirements of the role.

The MD will manage a team of executives responsible for all functions contributing to the success of the Company.

The MD's specific responsibilities will include:

- Develop, in conjunction with the Board, the Company's vision, values, and goals;
- Responsibility for the achievement of corporate goals and objectives;
- Development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- Preparation of business plans and reports with the senior management; developing with the Board the definition of ongoing corporate strategy; implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- Advise the Board regarding the most effective organisational structure and oversee its implementation;
- Assessment of business opportunities of potential benefit to the Company;
- Responsibility for proposals for major capital expenditure to ensure their alignment with corporation strategy and justification on economic grounds;

- Sustain competitive advantage through maximising available resources, encouraging staff commitment and strategically aligning the corporate culture with the organisation's goals and objectives;
- Establish and maintain effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
- Undertake the role of key company spokesperson;
- Recommend policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives;
- Ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
- Ensure appropriate risk management practices and policies are in place;
- Develop and motivate direct reports and their respective teams;
- Select and appoint key staff (direct reports); and
- Ensure there is an appropriate staff appraisal system in place in the Company.

PART B – BOARD PROCESSES

7. BOARD MEETINGS

Board meetings are a fundamental component of governance processes. Each Board meeting is critical, as it is the main opportunity for directors to:

- obtain and exchange information with the senior management team;
- obtain and exchange information with each other; and
- make decisions.

The Board meeting agenda is equally as important because it shapes the information flow and subsequent discussion.

7.1 Meeting Frequency

The Board will meet approximately 6 times per year but no less than six times per year, unless otherwise agreed.

7.2 Meeting Location

The Board usually meets at Company's headquarters located at Level 7, 231 Adelaide Terrace, Perth WA 6000 .

7.3 Meeting Cycle

To assist the smooth running of Board processes, the Board has adopted an indicative monthly cycle as follows. A Draft agenda prepared by the MD in consultation with the company secretary no less than 5 days prior to the board meeting and board papers are to be circulated to all board members.

Draft minutes of the meeting are to be approved at the next scheduled meeting.

7.4 Conduct of Meeting

The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. As such, the Chairman will:

- ensure that all members are heard;
- retain sufficient control to ensure that the authority of the Chair is recognised. This may require a degree of formality to be introduced if this is necessary to advance the discussion;
- take care that the decisions are properly understood and well recorded; and
- ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

When the Chairman does not arrive within 10 minutes after the time appointed for the holding of the meeting, or is unable or unwilling to act, the directors involved must elect one of their number to be a chairman of the meeting.

7.5 Quorum and Voting at Meetings

In order for a decision of the Board to be valid, a quorum of directors must be present. As per Clause 13.14 of the Company's Constitution, the number of Directors whose involvement is necessary to constitute a quorum is two (2), or such greater number as determined by the Directors from time to time. Questions arising at Board meetings are to be decided by a majority of votes of Directors who are present and entitled to vote.

7.6 Emergency Decision Making – Written Resolutions

As per Clause 13.25 of the Company's constitution, a resolution in writing signed by all Directors for the time being, or their respective alternate Directors, shall be valid and effectual as if it had been passed at a Directors' meeting duly convened and held. Any such resolution may consist of several documents in the like form but each document must contain a statement that the directors are in favour of the resolution and the wording of the resolution and the statement of the Directors must be identical, each document signed by one or more Directors.

8. BOARD MEETING AGENDA

8.1 Agenda Content/

An agenda will be prepared for each Board and Committee meeting. In general, it may contain some or all of the following topics:

- Minutes of the previous meeting / Matters arising
- Exploration Update
- Cashflow
- Share Registry / Investor Relations
- Other Business

8.2 Agenda Preparation

The MD, in consultation with the Chairman is responsible for preparing an agenda for each Board meeting. However, any director may request items to be added to the agenda for upcoming meetings. The Company Secretary circulates the agenda to all directors with the Board papers at least seven days prior to the meeting.

9. BOARD PAPERS

9.1 Preparation and Circulation of Board Papers

The Company Secretary together with the MD is responsible for the preparation and circulation of Board papers. The Board papers will be circulated to Directors prior to the Board meeting. If a Board paper relates to a matter in which there is a known conflict of interest with a particular Director then the relevant Board paper will be removed by the Company Secretary on the instructions of the Chairman, from the set of Board papers sent to that Director. In the case of the Chairman having a conflict of interest, the Board will appoint another Director to make final decisions on the forwarding of Board papers to the Chairman.

9.2 Retention of Board Papers

The Company Secretary maintains a complete set of Board papers at the Company's headquarters. However, individual Directors may retain their own Board papers in a secure location.

10. BOARD MINUTES

Minutes are to be a concise summary of the matters discussed at a Board Meeting. Minutes will contain a brief reference to relevant Board papers tabled plus any official resolutions adopted by Directors. All decisions will be recorded in the minutes by means of a formal resolution.

11. BOARD CALENDAR

In order to provide an even distribution of work over each financial year, the Board will adopt a twelve-month Board Calendar. Included will be all scheduled Board and Committee meetings as well as major corporate and Board activities, such as strategic planning and the MD's evaluation, to be carried out in particular months. It will be updated and approved prior to the start of each calendar year.

12. COMMITTEES

The Board has decided that there is no current requirement for the formation of committees, outside of the Board forum.

PART C – KEY BOARD FUNCTIONS

13. THE BOARD AND STRATEGY

Each year the Board will approve a formal strategic planning process that articulates the respective roles and levels of involvement of the Board, Senior Management and other employees and will review the strategic plan for the Company.

14. CONTACTS AND ADVISORY ROLE

14.1 MD Advisory Role

It is recognised that a key directorial duty is providing a sounding board for MD ideas and challenges. Recognising that the MD-Board relationship is critical to effective corporate governance, directors should provide frank and honest advice to the MD. It is expected that the chairman will play a key part of this role and will maintain regular contact with the MD.

All advice should be constructive in nature and provided in a positive manner. Where appropriate, directors should recommend possible alternative advisers if they do not feel adequately trained to assist.

14.2 Protocol for Interaction with Internal and External Parties

14.2.1 Media Contact and Comment

Refer to the document entitled "Procedures for Complying with ASX Listing Rules Disclosure Requirements" in the corporate governance section of the Company's website.

14.3 Hospitality and Gifts

While the Company recognises the need from time to time to give or accept customary business courtesies in accordance with ethical business practices, Directors and officers will not solicit such courtesies and will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, the Directors' and officers' conduct in representing the Company.

15. COMPLIANCE

The Board is charged with overseeing, reviewing and ensuring the integrity and effectiveness of the Company's compliance systems. The MD with input from the Company Secretary is responsible for overseeing the Company's compliance systems and reporting to the Board on those systems.

16. RISK MANAGEMENT

The MD is charged with implementing appropriate risk systems within the Company. Aspects of this process may be delegated.

Risk management is considered a key governance and management process. It is not an exercise merely to ensure regulatory compliance. Therefore, the primary objectives of the risk management system at the Company are to ensure:

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting is achieved; and
- senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives the risk management system covers:

- Operations risk;
- Financial reporting; and
- Compliance.

The MD along with input from all Board members reviews all major strategies and purchases for their impact on the risk facing the Company and makes appropriate recommendations to the Board. The Company also undertakes an annual review of operations to update its risk profile. This normally occurs in conjunction with the strategic planning process. A risk profile of the Company will be contained in the relevant section of the Company's Corporate Governance manual.

The Board receives regular updates on those areas of risk identified by the MD. In addition, as specified by Recommendation 7.2 of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, the MD and CFO (Or Board as a whole) provide a written assurance that the risk management system is effective, efficient and accurately reflected in the Company's financial statements.

17. DELEGATION OF AUTHORITY

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a Board what Company matters are delegated to either specific Directors or management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual Directors have no individual authority to participate in the day-to-day management of the Company including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Board through resolution explicitly delegates an authority to the Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management position as outlined in a relevant Board resolution.

17.1 General Delegations

A complete list of delegations is held in the Company's safe custody at the Company's head office Level 7, 231 Adelaide Terrace, Perth WA 6000.

In general, the Board delegates all powers and authorities required to effectively and efficiently carry out the Company's business. Listed below are the exceptions to these delegations, whereby the Board or appropriate Committee reserves the powers as indicated.

17.2 Decisions Requiring Board Approval

The following decisions must be referred to the full Board for approval:

- Acquiring or selling shares of the Company;
- Acquiring, selling or otherwise disposing of property in excess of \$50,000 of the Company;
- Founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the Company's participation in other companies (including project joint ventures);

- Acquiring or selling patent rights, rights in registered trademarks, licenses or other intellectual property rights of the Company;
- Founding, dissolving or relocating plants and facilities;
- Starting new business activities, terminating existing business activities or initiating major changes to the field of the Company's business activities;
- Approving and/or altering the annual business plan (including financial planning) for the Company or any part of the Company;
- Taking or granting loans of any value (including, without limitation, the placing of credit orders, issuing of promissory notes or loans against IOUs);
- Granting securities of any type;
- Granting loans to Company officers or employees and taking over guarantees for the Company's officers and employees;
- Determining the balance sheet strategy for the Company or any part of the Company;
- Entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases;
- Determining the total amount of bonuses and gratuities for Company officers and employees;
- Determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board of Directors; and
- Granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the Company.

PART D – CONTINUING IMPROVEMENT

18. DIRECTOR PROTECTION

18.1 Information Seeking Protocol

Directors will adhere to the following protocol when seeking information:

1. approach the MD to request the required data;
2. if the data is not forthcoming, approach the Chairman;
3. if the information is still not forthcoming, write a letter to all Board members and the MD detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information; and
4. as a last resort, employ the provisions of the Corporations Act.

18.2 Access to Professional Advice

A Director of the Company is expected to exercise considered and independent judgment on the matters before them. To discharge this expectation a Director may, from time to time, need to seek independent, expert opinion on matters before them.

All Directors have the individual authority to commit the company to up to \$5,000 per annum in professional advice.

Prior to seeking professional advice a director shall inform the Chairman about the nature of the opinion or information sought, the reason for the advice, the terms of reference for the advice and the estimated cost of the advice. Where more than one Director is seeking advice about a single issue, the Chairman shall endeavour to coordinate the provision of the advice.

If the cost of professional advice is likely to exceed \$5,000, the Director shall seek authority from the Chairman prior to engaging an external expert. The Chairman has delegated authority to authorise expenditures up to \$50,000. If the Chairman withholds authorisation, the Director has the right to seek authority from the Board at the next Board meeting.

If the cost of professional advice is likely to exceed \$50,000, then the Board must approve the engagement of an external expert.

18.3 Access to Board Papers

The Directors have the right to access board papers as granted by the Corporations Act.