

## **ADALTA LIMITED**

**ABN 92 120 332 925**

### **CORPORATE GOVERNANCE POLICIES**

#### **BOARD CHARTER**

The Board of Directors is responsible for guiding and monitoring the 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)** appointment, evaluation, rewarding and if necessary the removal of the Managing Director / CEO Chief Financial Officer (or equivalent) / CSO Chief Scientific Officer and the Company Secretary;
- (b)** in conjunction with management, development of corporate objectives, strategy and operations plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- (c)** establishing appropriate levels of delegation to the Managing Director / CEO to allow them to manage the business efficiently;
- (d)** 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;
- (e)** monitoring the performance of senior management including the implementation of strategy, and ensuring appropriate resources are available;
- (f)** via management, an appreciation of areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks;
- (g)** overseeing the management of safety, occupational health and environmental matters;
- (h)** 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;

- (i) satisfying itself that there are 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;
- (j) to ensure that appropriate internal and external audit arrangements are in place and operating effectively;
- (k) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
- (l) reporting to shareholders.

The Board retains full responsibility for guiding and monitoring the Company. Whilst in discharging its stewardship the Board has formed the following committees:

- (a) Audit & Risk Committee; and
- (b) Remuneration & Nomination Committee.

The Board may establish other committees as and when required.

Each director has the right to seek independent professional advice on matters relating to their position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

In the event of a conflict of interest or where a potential conflict of interest may arise, the involved director will (unless the remaining directors resolve otherwise in accordance with the *Corporations Act 2001* (Cth)):

- (a) withdraw from deliberations concerning the matter;
- (b) abstain from voting on any motion relating to the matter; and
- (c) not receive any board papers bearing on the matter,

at a directors' meeting where that matter is being considered.

The composition, structure and proceedings of the Board are primarily governed by the Company's constitution. In accordance with the constitution of the Company, directors (other than the Managing Director) must not hold office without re-election past the 3<sup>rd</sup> Annual General Meeting following the director's appointment or 3 years, whichever is longer. The Board does not specify a maximum term for which a director may hold office.

Where possible, a majority of the Board will be comprised of independent directors. An independent director is a non-executive director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally. When determining the independence of a director, the Company will also take into account the factors relevant to assessing the independence of a director listed in

Recommendation 2.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director / CEO. The Board must ensure that the Managing Director / CEO and the management team is appropriately qualified and experienced to discharge their responsibilities and will put in place procedures to assess their performance and the performance of executive directors. The Company will have a written agreement with each senior executive setting out the terms of their appointment.

Where possible, the Chairman will be an independent director. Where possible the roles of Chairman and Managing Director / CEO are not combined. The Managing Director / CEO is accountable to the Board for all authority delegated to the position.

Whilst 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 will put in place a number of mechanisms to ensure this is achieved including:

- (a) Board approval and monitoring of a strategic plan;
- (b) approval of budgets and regular monitoring actual performance against budget; and
- (c) procedures to be put in place to incorporate presentations covering key relevant areas of the Company's operations to each Board meeting by financial, operations, exploration and marketing management.

The Board will appoint at least one Company Secretary. The appointment and removal of a Company Secretary will be subject to Board approval. The Company Secretary is directly accountable to the Board through the Chairman, on all matters to do with the proper functioning the Board.

Any amendments to this Charter must be approved by the Board.

Any questions in relation to the Board Charter should be directed to the Chairman.

This policy is reviewed **annually** by the Board.