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**Bathurst Resources Limited**  
**CN 4382538**

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**3.5 Board Charter**

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## **Bathurst Resources Limited (the 'Company')**

### **Board Charter**

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#### **Overview**

1. The Board is primarily responsible for ensuring that the Company has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.
2. The Board is also responsible for ensuring that Management recognises the Company's legal and other obligations to all legitimate stakeholders. 'Stakeholders' are groups that are likely to feel a social, environmental, economic or financial impact from the Company's actions. They include shareholders, customers, suppliers, employees, government regulators and members of the communities where the Company operates and are affected by the Company's activities.
3. The Company's obligations to its Stakeholders require that appropriate accountability and control systems are in place.
4. This Board Charter explains the Company's commitment to corporate governance. It is not an 'all inclusive' document and should be read as a broad expression of principles. The Board will review and update this Charter on an annual basis.
5. The Company endorses the Securities Commission New Zealand Corporate Governance in New Zealand Principles and Guidelines and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (NZX/ASX Principles).

#### **The Company's Constitution**

6. The Company's Constitution is the Company's key governance document. The Board must ensure that it and the Company comply at all times with the provisions of the Constitution.

#### **Compliance with Laws**

7. As a public company dual listed on the New Zealand Stock Exchange (NZSX) and Australian Securities Exchange (ASX), the Company must comply with the Companies Act 1993 ('Companies Act'), the NZSX Listing Rules, the ASX Listing Rules as well as all other applicable laws and statutes. Examples of applicable areas of regulation include:-
  - (a) Occupational health and safety legislation;
  - (b) Employment related laws;
  - (c) Environmental protection legislation;
  - (d) Anti-discrimination legislation;
  - (e) Taxation legislation; and
  - (f) *The Consumer Guarantees Act 1993.*

## Composition of the Board

8. The Board may be comprised of up to 6 directors, with a minimum of 3, the majority of whom are Independent Non-Executive Directors with a maximum of 1 Executive Director.
9. The Chairman is to be a Non-Executive Director.

## Duties and Responsibilities

10. The Board is responsible for setting the strategic direction of the Company and monitoring the implementation of that strategy by the management team, including:-
  - (a) Oversight of the Company, including its control and accountability systems;
  - (b) Appointing and removing the Chief Executive Officer;
  - (c) Appointing and removing the Chief Financial Officer (based on the recommendation of the Chief Executive Officer)
  - (d) Approving the appointment and removal of the Company Secretary;
  - (e) Board and Executive Management development and succession planning;
  - (f) Input into and final approval of corporate strategy;
  - (g) Input into and final approval of the annual operating budget (including the capital management budget);
  - (h) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestitures;
  - (i) Monitoring compliance with all legal, tax and regulatory obligations, reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;
  - (j) At least annually, reviewing the effectiveness of the Company's implementation of the risk management system;
  - (k) Monitoring senior management's performance and implementation of strategy and policies, ensuring appropriate resources are available;
  - (l) Approving and monitoring financial and other reporting to the market; and
  - (m) Appointment, reappointment or replacement of the external auditor.
11. In discharging his/her duties, each Director must:-
  - (a) Exercise care and diligence;
  - (b) Act in good faith in the best interests of the Company;
  - (c) Not improperly use his/her position or misuse information of the Company; and
  - (d) Commit the time necessary to discharge effectively his/her role as a Director.
12. All Directors (including Executive Directors) are entitled to be heard at all meetings and should bring an independent judgment to bear in decision making.
13. Non-Executive Directors should confer at least annually without management present.
14. At least once each year, the Directors will:-

- (a) Review this Charter and approve any required amendments including those required to comply with the NZSX/ASX Principles; and
- (b) Review the Board's performance during the previous 12 months.

## **Committees**

- 15. To assist the Board in fulfilling its duties and responsibilities, it has established three Committees:-
  - (a) Remuneration and Nominations Committee;
  - (b) Audit & Risk Management Committee; and
  - (c) Health, Safety, Environment and Community (HSE&C) Committee
- 16. Each Committee has a formal Charter.
- 17. With the exception of certain limited delegations contained in their Charters, recommendations of the Committees are to be referred to the Board for approval.

## **Remuneration and Nominations Committee**

- 18. The Remuneration and Nominations Committee assists the Board in regard to:-
  - (a) Board appointments and performance;
  - (b) Directors' induction program;
  - (c) Committee membership;
  - (d) Executive management succession planning, appointments and terminations;
  - (e) Remuneration policies for Non-Executive Directors
  - (f) Remuneration policies for the Chief Executive Officer, Chief Financial Officer and executive management;
  - (g) Executive equity grants; and
  - (h) Human resources policies.

## **Audit and Risk Committee**

- 19. The Audit Committee assists the Board in regard to:
  - (a) The reliability and integrity of information for inclusion in the Company's financial statements;
  - (b) Enterprise-wide risk management;
  - (c) Compliance with legal and regulatory obligations;
  - (d) The integrity of the Company's internal control framework; and
  - (e) Safeguarding the independence of the external and internal auditors.

## **HSE&C Committee**

- 20. The HCE&C Committee assists the Board in enabling the Company to operate its businesses safely, responsibly and sustainably. The Committee will oversee and monitor the promotion, establishment and integration across the Company of the

principles of HSEC as the foundations of good management and business management.

## The Chairman

21. The Chairman:

- (a) is to be a Non-Executive Director;
- (b) is not to exercise the role of Chief Executive Officer of the Company; and
- (c) is not to have previously held the position of Chief Executive Officer of the Company.

22. The Chairman is responsible for:-

- (a) Leadership of the Board;
- (b) Overseeing the Board in the effective discharge of its supervisory role;
- (c) The efficient organisation and conduct of the Board's function and meetings;
- (d) Facilitating the effective contribution of all Directors;
- (e) Briefing of all directors in relation to issues arising at meetings;
- (f) The promotion of constructive and respectful relations between board members and between the Board and management;
- (g) Committing the time necessary to discharge effectively his/her role as Chairman; and
- (h) Ensuring there is regular and effective evaluation of the Board's performance.

## Independence of Directors

23. Independent Directors are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinions at the Board table free of concern about their position or the position of any third party. The Board does not believe it is possible to draft a list of criteria which are appropriate to characterise, in all circumstances, whether a Non-Executive Director is independent. It is the approach and attitude of each Non-Executive Director which is critical and this must be considered in relation to each director while taking into account all other relevant factors, which may include whether the Non-Executive Director:-

- (a) is a substantial shareholder (i.e. holding 5% or more of the Company's shareholding) of the Company, or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) has, within the last three years, been employed in an executive capacity by the Company;
- (c) has, within the last three years, been a principal of a material professional adviser or a material consultant to the Company or an employee materially associated with the service provided;
- (d) is a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with, a material supplier or customer;
- (e) has any material contractual relationship with the Company, other than as a Director;

- (f) has served on the Board for a period which could materially interfere with the Director's ability to act in the best interest of the Company (and it is neither possible nor appropriate to assign a fixed term to this criteria); or
  - (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere materially with the Director's ability to act in the best interests of the Company.
24. The materiality thresholds taken into account when considering the independence of Non-Executive Directors are:-
- (a) For Directors:-
    - (i) A relationship that accounts for more than 5% of the Director's gross income (other than Director's Fees paid by the Company); and
    - (ii) When the relationship is with a firm, company or entity, in respect of which the Director (or any associate) has more than 20% shareholding if a private company or 5% shareholding if a listed company.
  - (b) For the Company:
    - (i) In respect of advisers or consultants – where fees paid exceed \$300,000 per annum;
    - (ii) In respect of suppliers – where goods or services purchased by the Company exceed \$250,000 per annum (other than banks, where materiality must be determined on a case by case basis); and
    - (iii) In respect of customers – where goods or services supplied by the Company exceed \$250,000 per annum.
25. Family ties and cross-directorships may also be relevant in considering interests and relationships which may compromise independence and should be disclosed by Directors to the Board.
26. In determining whether a Non-Executive Director is independent, simply being a non-executive director on the board of another entity is not, in itself, sufficient to affect independence. Nevertheless, any Director on the board of another entity is expected to excuse him or herself from any meeting where that entity's commercial relationship with the Company is directly or indirectly discussed.
27. The above guidelines must be applied with common sense. Directors are best able to determine if they have an interest or relationship which is likely to impact on their independence. As such, each Director is expected to advise the Chairman immediately if he/she believes they may no longer be independent. Should the Chairman or any other Director have any concern about the independence of a Director, they must immediately raise the issue with that Director and, if the issue is not resolved, with the Board.
28. Should the Chairman have any concern about his/her own independence, he/she must immediately raise the issue with the Board.

29. Each Director must immediately disclose to the Chairman (with a copy to the Company Secretary) all information relevant for determining whether the Director is independent, including details of entities in which the Director has a material direct or indirect shareholder (or other interest), is an executive officer or is a director.
30. In the preparation of the Agenda for each Board Meeting, the Chairman and Company Secretary need to be sensitive to disclosed interests and consider whether it is appropriate to withhold part or all of an agenda item (including any relevant papers) from any Director because of a potential or actual conflict. If the Chairman decides to withhold part or all of an agenda item from a Director he/she must advise the Director at the time of dispatch of the relevant Board Paper.
31. Directors are to inform the Chairman prior to accepting any new appointment to a listed entity's board.
32. Where the independent status of a Director is lost, this is to be immediately disclosed to the market via the ASX.

### **Access to Information and Independence Advice**

33. The Board and Committees must be provided with the information they need to discharge their responsibilities efficiently.
34. Management must supply the Board and Committees with information in a form, timeframe and quality that enables them to discharge their duties effectively. All Directors are to receive copies of Committee papers.
35. Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any employee of the Company and all employees must comply with such requests. It is expected that any significant issues are communicated to the Chairman, Chief Executive Officer, Chief Financial Officer or Company Secretary.
36. Any Director may take such independent legal, financial or other advice as they consider necessary at the Company's cost. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, dissemination of the advice to all Directors. In the case of a request made by the Chairman, approval is required by at least two other Board members.

### **Director Share Trading**

37. The Company's Share Trading Policy imposes restrictions on the trading of financial products (for example, shares, options or warrants) by any Directors or employees in possession of undisclosed price sensitive information. In addition, the Share Trading Policy imposes additional restrictions on Directors and key employees in relation to non-trading periods and obtaining clearance to trade.

## **Appointment and Removal of Directors**

38. The Board should be of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interest of the Company as a whole rather than of individual shareholders or other stakeholders.
39. The Remuneration and Nominations Committee is responsible for making recommendations to the Board relating to the appointment and retirement of Directors.
40. A new Director will receive a formal Letter of Appointment setting out the key terms and conditions relative to the appointment.

## **Director Protection Deeds**

41. The Constitution indemnifies each Director to the fullest extent permitted by law.
42. Each Director is entitled to a Director Protection Deed which will include provisions relating to:-
  - (a) Access to Board papers;
  - (b) Confidentiality;
  - (c) Indemnity by the Company; and
  - (d) The provision of Directors and Officers insurance.

## **Responsibilities of the Chief Executive Officer**

43. The Chief Executive Officer is responsible for the day-to-day management of the Company with all powers, discretions and delegations authorised, from time to time, by the Board.
44. The Chief Executive officer is to have a formal Employment Agreement describing his/her term of office, duties, rights and responsibilities and entitlements on termination.
45. At each meeting where the Board approves the Half Year and Full Year Financial Statements, the Chief Executive Officer (together with the Chief Financial Officer and one other director) should certify in the published financial reports that these comply with generally accepted accounting standards and present a true and fair view of the financial affairs of the Company.
46. The Chief Executive Officer's duties include:-
  - (a) Formulate and recommend business and financial strategies and plans to develop the Company's business and to implement these plans as approved by the Board to achieve agreed performance targets;
  - (b) Be accountable for planning, coordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;



- (c) Promote the interests of the Company with stakeholders and the investment community; and
  - (d) Faithfully and diligently perform the duties and exercise the powers:-
    - i. Consistent with the position of a chief executive officer of a Company; and
    - ii. Assigned by the Board.
47. In fulfilling his or her duties, the Chief Executive Officer:-
- (a) Reports directly to the Board;
  - (b) Provides prompt and full information to the Board regarding the conduct of the business of the Company;
  - (c) Complies with reasonable directions given by the Board; and
  - (d) Must have regard to the requirements of the ASX and NZSX Listing Rules and expectations of stakeholders and the wider investment community.

### **Responsibilities of the Chief Financial Officer**

48. The Chief Financial Officer is to have a formal Employment Agreement describing his/her term of office, duties, rights and responsibilities and entitlements on termination.
49. At each meeting where the Board approves the Half Year and Full Year Financial Statements, the Chief Financial Officer (together with the Chief Executive Officer and one other director) should certify in the published financial reports that these comply with generally accepted accounting standards and present a true and fair view of the financial affairs of the Company.
50. The Chief Financial Officer supports the effectiveness of the Board by:-
- (a) Monitoring that the Board policy and procedures are followed;
  - (b) Coordinating the completion and dispatch of Board agendas and briefing papers; and
  - (c) Maintaining compliance systems which ensure the Board and Company adhere to ASX and NZSX Listing Rules, the Companies Act and the Financial Reporting Act 1993.
51. The Chief Financial Officer is responsible to the Board, through the Chairman, on all governance matters.

### **Written Resolutions**

52. Written Resolutions:
- (a) are to be sent to all Directors entitled to receive notice of Board Meetings;
  - (b) are not to be implemented until assented to by all of the Directors in receipt of the written resolution in question.

## **Code of Conduct**

53. The Board has adopted, and from time to time amends, the Company's Code of Conduct. This is a formal code of conduct and ethics to be observed by all Directors, employees, consultants and any other person when they represent the Company.
54. The Code of Conduct governs the commercial operations of the Company and deals with compliance in the following areas of conduct:
- (a) Discrimination
  - (b) Harassment
  - (c) Bullying
  - (d) Victimisation
  - (e) Compliance with laws, regulations and ethical standards
  - (f) Political donations
  - (g) Giving or receiving gifts
  - (h) Conflicts of interest
  - (i) Accounting records
  - (j) Retention and storage of records
  - (k) Dealing with auditors
  - (l) Making public statements about the company
  - (m) Use of confidential information
  - (n) Privacy
  - (o) Theft, fraud and removal of property
  - (p) Unacceptable behaviour, misconduct and serious misconduct
  - (q) Compliance

## **Continuous Disclosure Policy**

55. To ensure compliance with the relevant provisions of the Companies Act and the NZSX and ASX Listing Rules, the Board has adopted, and from time to time amends, the Continuous Disclosure Policy. This is a formal policy designed to ensure that all employees are aware of the continuous disclosure obligations of the Company.

## **Financial Results**

56. As part of the Company's continuous disclosure obligations, the Company shall provide commentary on its financial result to enhance the clarity and balance of the report. These notes should include information needed by a sophisticated investor to make an informed assessment of the Company's activities and results.

## **Shareholder Communications Policy**

57. The Board has adopted, and from time to time will amend, the Shareholder Communications Policy. The Shareholder Communications Policy is designed to promote effective communication with shareholders and encourage effective participation at general meetings.

58. Beneficial owners of the Company's shares are encouraged to contact the Company's Share Registry to arrange the direct receipt of shareholder materials.

### **Corporate Governance Website**

59. As part of an effective communications strategy, the Company will maintain and keep current the Corporate Governance section of the Company's website.

### **External Auditor**

60. The external auditor must attend the Annual General Meeting of the Company and must be available to answer questions about:-
- (a) The conduct of the audit
  - (b) The preparations and content of the Auditor's Report
  - (c) The accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - (d) The independence of the external auditor in relation to the conduct of the audit.

Adopted on: August 2014

Last reviewed: August 2014