

## 1. Introduction

In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the shareholders of Perilya Limited ("the Company"), as well as its employees, customers, and the community.

## 2. Purpose and Role

2.1. The Board is responsible for:

- (a) charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- (b) evaluating the performance of non-executive Directors, and determining the size and composition of the Board as well as recommending to shareholders the appointment and removal of directors;
- (c) evaluation the performance of and selecting the Chief Executive Officer;
- (d) reviewing on a regular and continuing basis:
  - (i) executive succession planning (in particular for the Chief Executive Officer); and
  - (ii) executive development activities; and
- (e) setting non-executive Directors remuneration in accordance with shareholder approved limits, and the remuneration and conditions of service of the Chief Executive Officer and those executives reporting directly to the Chief Executive Officer;
- (f) monitoring the implementation of those policies and strategies and the achievement of those financial objectives and performance against the strategic plan and budgets;
- (g) monitoring compliance with control and accountability systems, significant disclosures to the market regulatory requirements and ethical standards;
- (h) ensuring the preparation of accurate financial reports and statements;
- (i) reporting to shareholders and the investment community on the performance and state of the Company;
- (j) ensuring that appropriate audit arrangements are in place;
- (k) ensuring that effective and appropriate systems are in place to assure the Board that, financial, operational, safety, compliance and risk management controls and functions are adequate; and
- (l) considering the health, social, safety, ethical and environmental impacts of the Company's activities and ensuring appropriate policies and practices are in place.

2.2. In performing the responsibilities set out above, the Board acts at all times:

- (a) in a manner designed to create and build sustainable value for shareholders; and
- (b) in accordance with the duties and obligations imposed upon them by the Company's Constitution and by law.

### **3. Powers**

3.1. In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) appointing and removing the Chief Executive Officer and determining his or her terms and conditions of employment (including remuneration);
- (b) authorising borrowings and the granting of security over the company or any of its assets other than in the ordinary course of business;
- (c) any matters in excess of discretions that, from time to time, it may have delegated to the Chief Executive Officer and senior management (for instance, in relation to capital expenditure);
- (d) approving each of the following, on the recommendation of the Chief Executive Officer where appropriate:
  - (i) the strategic plan, at least annually;
  - (ii) the budget, at least annually;
  - (iii) the appointment and, where appropriate, the removal of the General Manager Finance, Company Secretary, and other senior executives reporting to the Chief Executive Officer;
  - (iv) the remuneration and conditions of service, including financial incentives, for the General Manager Finance, Company Secretary, and other senior executives reporting to the Chief Executive Officer;
  - (v) significant changes to organisational structure and appointment of such senior executives as the Board may determine;
  - (vi) the acquisition, establishment, disposal or cessation of any significant business of the Company;
  - (vii) any public statements which reflect significant issues of the Company policy or strategy; and
  - (viii) any changes to the discretions delegated by the Board.
- (e) approving the issue of any shares, options, equity instruments or other securities in the Company.

### **4. Board Membership**

4.1. The Board comprises a majority of independent directors.

- 4.2. The Board comprises directors with appropriate competencies to enable the Board to discharge its mandate effectively and is limited to a size that is conducive to effective and efficient decision making.
- 4.3. In assessing the composition of the Board, the directors have regard to the following policy;
- the Chairman should be non-executive and independent;
  - the role of the Chairman and Chief Executive Officer should not be filled by the same person;
  - the Chief Executive Officer should be a full-time employee of the Company;
  - the majority of the Board should comprise directors who are both non-executive and independent; and
  - the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the company.

## 5. Appointment

- 5.1. Letters of appointment for each new appointment to the Board set the key terms and conditions of the appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.
- 5.2. The Chairman and Chief Executive Officer with assistance from the Company Secretary will provide an induction for new directors appointed to the Board.

## 6. Term of Office

- 6.1. A director, subject to circumstances prevailing at the time and the Board's ability to find a suitable replacement, retires from the board at:
- the conclusion of the Annual General Meeting occurring immediately before the director's first anniversary of appointment or on the first anniversary of the director's appointment to the Board, whichever first occurs; or
  - the third anniversary date of election to the Board, or in accordance with the rotation requirements of the Company's Constitution, whichever is the earlier; or
  - the conclusion of the Annual General Meeting occurring after the tenth anniversary of the director's first appointment or election to the Board.

## 7. Board Succession Planning

- 7.1. The Board reviews annually the size and composition of the Board and the mix of existing and desired competencies across members at least annually.
- 7.2. The Board may engage an independent recruitment firm to undertake a search for suitable candidates.

## 8. Nominations and Appointment of New Directors

- 8.1. Recommendations for nomination of new directors are made by and considered by the Board as a whole.
- 8.2. At this stage of Perilya's development the Board considers that it is unnecessary to have a separate Nominations Committee.

## 9. Professional Advice

- 9.1. Directors may, in carrying out their duties owed to the Company, seek external professional advice.
- 9.2. They are entitled to reimbursement of all reasonable costs where such a request for advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by at least two Board members.

## 10. Independence

- 10.1. The Board has approved a Policy on Independence of directors.
- 10.2. The purpose of this policy is to:-
  - describe the test that will be used and the criteria that will be taken into account by the Board when assessing the independence of each director;
  - identify the information that will be collected from each director to make the assessment of independence; and
  - outline the disclosure to shareholders of the assessment of independence of directors, including the disclosure of any relationships and associations that may be perceived to affect the independence or objectivity of a director.
- 10.3. The policy provides that the independence of a director will be assessed by determining whether the director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

## 11. Board Code of Conduct

- 11.1. The Board has approved a Code of Conduct for Directors which describes the standards of ethical behaviour that Directors are required to maintain.
- 11.2. The Code of Conduct describes Perilya's policies on matters such as confidentiality, conflicts of interest and sound board practices.

## 12. Conflicts of Interest

- 12.1. The Board has approved directors' Conflict of Interest Guidelines (contained in the Board Code of

Conduct) which applies if there is, or may be, a conflict between the personal or other interests of a director.

- 12.2. A director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter and when the matter comes before the Board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision-making process.

### **13. Meetings**

- 13.1. The Chairman sets the agenda for each meeting in conjunction with the Chief Executive Officer and the Company Secretary.
- 13.2. Any director may request additional matters be added to the agenda.
- 13.3. Board and committee papers are provided to directors, where possible, five (5) business days prior to the relevant meeting.
- 13.4. Copies of Board papers are circulated in either electronic or hard copy form. Directors are entitled to request additional information where they consider the information is necessary to support informed decision-making.
- 13.5. The non-executive directors meet at as required at the conclusion of Board meetings for private discussions without executive directors, the Managing Director and management being present.

### **14. Board Performance Evaluation**

- 14.1. The Chairman of the Board is responsible for determining the process for evaluating Board performance. Evaluations are conducted at least annually.

### **15. Self Assessment**

- 15.1. The Board undertakes an annual performance evaluation of itself that:
- (a) compares the performance of the Board with the requirements of its character; and
  - (b) effects any improvements to the Board Charter and corporate governance policies and procedures deemed necessary or desirable.
- 15.2. The performance evaluation is conducted in such manner as the Board deems appropriate.
- 15.3. The general management and oversight of this process of review, together with development of appropriate Board member performance assessment measures, will be the responsibility of the Chairman. Primarily the review will be carried out through consultation by the Chairman with individual directors.
- 15.4. The Chairman's performance is reviewed each year by all other members of the Board in such a manner as deemed appropriate.

## 16. Induction Training and Continuing Education

- 16.1. The Board has a formal induction procedure for new board members.
- 16.2. It includes comprehensive meetings with the Chief Executive Officer and key executives and management, information on key corporate and Board policies, visits to the Company's principal operations and completion of compulsory safety inductions.
- 16.3. All directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

## 17. Board Committees

- 17.1. The Board from time to time establishes committees to assist it in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.
- 17.2. The Board has established the following committees:
  - (a) a Audit and Risk Management Committee;
  - (b) a Remuneration Committee; and
  - (c) a Health, Safety and Environment Committee.
- 17.3. Minutes of all standing committee meetings are provided to all Directors and the proceedings of each meeting are reported by the Chair on the committee at the next Board meeting.

## 18. The Chairman

- 18.1. The directors elect one of their number to the office of Chairman and may determine the period for which that director is to be Chairman.
- 18.2. The Chairman presides over meetings of the Board and general meetings of shareholders.
- 18.3. The Chairman is responsible for leading and managing the Board in the discharge of its duties.

## 19. The Chief Executive Officer

- 19.1. The Chief Executive Officer's duties are to:
  - (a) formulate and recommend business and financial strategies and plans to develop the Company's business and to implement these plans 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 the Company; and
    - (ii) assigned by the Board.
- 19.2. 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 regards to the requirements of the ASX Listing Rules and expectations of stakeholders and the wider investment community.

## 20. The Company Secretary

- 20.1. The Company Secretary supports the effectiveness of the Board by:
- (a) monitoring that the Board policy and procedures are followed;
  - (b) coordinating the completion and despatch of Board agendas and briefing papers; and
  - (c) maintaining compliance systems which ensure the Board and Company adhere to ASX Listing Rules and the Corporations Act.
- 20.2. The Company Secretary is responsible to the Board, through the Chairman, on all governance matters.