



ABN 16 003 254 395

## **Charter of the Board**

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**Variscan Mines Limited**  
**ABN 16 003 254 395**  
**(Company)**

## **Board Charter**

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### **1. Introduction**

- 1.1 This Charter sets out the functions and responsibilities of the Board and management of the Company.
- 1.2 This document is an important part of the fundamental set of behaviours and principles that underpins all of the Company's activities.
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### **2. Definitions**

2.1 In this Charter:

- (1) **Board** means the Board of Directors of the Company;
  - (2) **CEO** means the Chief Executive Officer;
  - (3) **CFO** means the Chief Financial Officer;
  - (4) **Chairman** means the chair of the Board;
  - (5) **Charter** means this Board Charter;
  - (6) **Constitution** means the Company's constitution; and
  - (7) **Secretary** means the Company Secretary.
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### **3. Responsibilities of the Board**

- 3.1 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. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:
- (1) oversight of the Company, including its control and accountability systems;
  - (2) appointing and removing the CEO or Managing Director (or equivalent), including approving remuneration of the CEO and the remuneration policy and succession plans for the CEO;
  - (3) ratifying the appointment and, where appropriate, the removal of the CFO (or equivalent) and the Secretary;
  - (4) input into the final approval of management's development of corporate strategy and performance objectives;
  - (5) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
  - (6) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
  - (7) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;

- (8) approving and monitoring financial and other reporting;
- (9) appointment and composition of committees of the Board;
- (10) on recommendation of the Audit Committee, appointment of external auditors; and
- (11) on recommendation of the Nomination and Remuneration Committee, initiating Board and Director evaluation.

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## 4. Composition of the Board

### 4.1 Size

The number of Directors may be increased where it is highlighted that additional expertise is required in specific areas, or when an outstanding candidate is identified.

### 4.2 Independent Directors

- (1) The Company will strive to have a majority of Directors as independent, Non-Executive Directors.
- (2) An Independent Director is Non-Executive when he or she is not a member of management and when he or she:
  - (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company (as defined in section 9 of the *Corporations Act 2001*);
  - (b) has not, within the last three years, 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) has not, within the last three years, 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 provided;
  - (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 which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
  - (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

### 4.3 Expertise

- (1) The Board shall ensure that, collectively, it has the appropriate range of expertise to properly fulfil its responsibilities.
- (2) The Board shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company.

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## 5. Appointment of Directors

- 5.1 Directors are appointed in accordance with the terms of the Constitution.
- 5.2 Subject to the number of Directors allowed under the Constitution, a Director may be appointed by an ordinary resolution of the Company in a general meeting. Where a Director's position becomes vacant in between such elections, the Board may appoint a replacement Director. Such a replacement Director will only hold office until the next Annual General Meeting of the Company.
- 5.3 The terms and conditions of the appointment and retirement of members of the Board will be set out in a letter of appointment, which shall include the following matters:
- (1) the term of the appointment, subject to member approval;
  - (2) time commitments envisaged;
  - (3) the powers and duties of directors;
  - (4) any special duties or arrangements attaching to the position;
  - (5) circumstances in which an office of Director becomes vacant;
  - (6) expectations regarding involvement with Committee work;
  - (7) remuneration and expenses;
  - (8) superannuation arrangements;
  - (9) the requirement to disclose Directors' interests and any matters which affect the Director's independence;
  - (10) fellow Directors;
  - (11) trading policy governing dealings in securities and related financial instruments by Directors, including notification requirements;
  - (12) induction, training and continuous education arrangements;
  - (13) access to independent professional advice;
  - (14) indemnity and insurance arrangements;
  - (15) confidentiality and rights of access to corporate information; and
  - (16) a copy of the Constitution.

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## 6. Independent Professional Advice

- 6.1 To facilitate independent judgement in decision-making, each Director has the right to seek independent professional advice at the Company's expense. However, prior approval from the Chairman is required, which may not be unreasonably withheld.

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## 7. Allocation of Responsibilities

### 7.1 Chairman

- (1) The Board elects the Chairman in accordance with the Constitution. A lead independent director (**Lead Independent Director**) may also be elected.
- (2) The Chairman will be selected on the basis of the person's achievements and record as a leader.

- (3) The position of Chairman will be reviewed by the Board at the first Board meeting following the Annual General Meeting. The Chairman authorises the expenses of all the other Directors and the CEO.
- (4) The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for the briefing of all Directors in relation to issues arising at Board meetings.
- (5) The Chairman's specific duties are to:
  - (a) chair Board meetings. If the Chairman is not present within 15 minutes after the time appointed for the holding of a meeting (or if the Chairman is precluded by a material personal interest from assuming this role), the Lead Independent Director will assume this role; if the Lead Independent Director is not present, a Director chosen by a majority of Directors present shall assume this role;
  - (b) establish the agenda for Board meetings;
  - (c) ensure Board minutes properly reflect Board decisions;
  - (d) be the spokesperson for the Company at the Annual General Meeting and in the reporting of performance and profit figures; the CEO or the CEO's nominee will undertake all other public relations activities;
  - (e) regularly review, with senior officers, progress on important initiatives and significant issues facing the Company; and
  - (f) commence the annual process of Board and Director evaluation.
- (6) The Chairman is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest, unless there is compliance with the conflict of interest provisions under the Constitution.
- (7) The Chairman may be removed from office in accordance with the Constitution.

## 7.2 Individual Directors

In accordance with statutory requirements and in keeping with developments at common law, Directors have the following responsibilities:

- (1) to exercise their powers and discharge their duties in good faith and in the best interests of the Company;
- (2) to use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- (3) to use due care and diligence;
- (4) to make a reasonable effort to become and remain familiar with the affairs of the Company;
- (5) to attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (6) to commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other directors to fulfil these duties.

### 7.3 The CEO

- (1) The CEO or Managing Director is appointed by the Board.
- (2) The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programmes approved by the Board.
- (3) The CEO's responsibilities include:
  - (a) developing with the Board a consensus for the Company's vision and direction;
  - (b) constructing, with the Company's management team, programmes to implement this vision;
  - (c) negotiating the terms and conditions of appointment of senior executives for Board approval;
  - (d) appointing the senior management team;
  - (e) endorsing the terms and conditions of appointment of all other staff members;
  - (f) providing strong leadership to, and effective management of, the Company in order to:
    - (i) encourage co-operation and teamwork;
    - (ii) build and maintain staff morale at a high level; and
    - (iii) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
  - (g) ensuring a safe workplace for all personnel;
  - (h) ensuring a culture of compliance generally, and specifically in relation to environmental matters;
  - (i) carrying out the day-to-day management of the Company;
  - (j) forming other committees and working parties from time-to-time to assist in the orderly conduct and operation of the Company;
  - (k) keeping the Board informed, at an appropriate level, of all the activities of the Company; and
  - (l) ensuring that all personnel act with the highest degree of ethics and probity.
- (4) The Board formally delegates the power to the CEO to authorise all expenditures as approved in the budget, subject to the appointment of individuals to specific management roles while being the responsibility of the CEO, the terms and conditions under which appointed individuals report to the CEO must be approved by the Remuneration Committee.

### 7.4 Company Secretary

- (1) The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.
- (2) The Secretary is appointed in accordance with the Constitution.

- (3) The specific tasks of the Secretary include:
  - (a) overseeing the Company's compliance programme and ensuring all Company legislative obligations are met;
  - (b) ensuring that the agenda and briefing materials for Board meetings are prepared and forwarded to Directors in a timely and effective manner;
  - (c) recording, maintaining and distributing the minutes of all Board and Board subcommittee meetings as required;
  - (d) preparing for and attending all General Meetings of the Company and ensuring that the correct procedures are followed;
  - (e) recording, maintaining and distributing the minutes of all annual and Extraordinary General Meetings of the Company;
  - (f) meeting statutory reporting requirements in accordance with relevant legislation; and
  - (g) any other services the CEO/Managing Director or Chairman may require.

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## **8. CEO and CFO Assurances**

- 8.1 It is the responsibility of both the CEO (or equivalent) and the CFO (or equivalent) to provide written assurances to the Board that in all material respects:
- (1) the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and
  - (2) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

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## **9. Committees**

### **9.1 Establish Committees**

To assist with the execution of its responsibilities, the Board has the authority to establish and determine the powers and functions of the committees of the Board, including the Audit Committee, the Nomination and Remuneration Committee and the Safety, Health, Environment and Community Committee. Each Board committee is to document a charter, approved by the Board, setting out its responsibilities.

### **9.2 Nomination and Remuneration Committee**

- (1) The role and responsibilities, composition, structure and membership requirements of the Nomination and Remuneration Committee are set out in detail in a Nomination and Remuneration Committee Charter approved by the Board.
- (2) The Nomination and Remuneration Committee should ideally consist of a majority of Independent Directors. The Nomination and Remuneration Committee should be chaired by an Independent Director.
- (3) The responsibilities of the Nomination and Remuneration Committee include:
  - (a) executive remuneration and incentive policies;
  - (b) the remuneration packages of senior management;
  - (c) the Company's recruitment, retention and termination policies and procedures for senior management;
  - (d) incentive schemes;



- (e) superannuation arrangements;
- (f) the remuneration framework for Directors;
- (g) assessment of the necessary and desirable competencies of Board members;
- (h) review of Board succession plans;
- (i) evaluation of the Board's performance; and
- (j) recommendations for the appointment and removal of Directors.

### 9.3 **Audit Committee**

- (1) The role and responsibilities, composition, structure and membership requirements of the Audit Committee are documented in a separate Audit Committee Charter.
- (2) The Audit Committee should ideally consist of:
  - (a) only non-executive directors;
  - (b) a majority of independent directors;
  - (c) an independent chair, who is not the Chairman of the Board; and
  - (d) at least three members.
- (3) The Audit Committee must review the integrity of the Company's financial reporting and oversee the independence of the external auditors.

### 9.4 **Code of Conduct**

- (1) To promote ethical and responsible decision-making, the Board must approve a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- (2) The Code of Conduct may deal with areas such as the following:
  - (a) conflicts of interest;
  - (b) confidentiality;
  - (c) fair dealing;
  - (d) compliance with laws and regulations;
  - (e) corporate opportunities;
  - (f) protection and proper use of the Company's assets;
  - (g) encouraging the reporting of unlawful, unethical behaviour;
  - (h) responsibilities to shareholders and the financial community generally;
  - (i) responsibilities to clients, customers and consumers;
  - (j) employment practices;
  - (k) obligations relative to fair trading and dealing;
  - (l) responsibilities to the individual;
  - (m) responsibilities to the community;
  - (n) how the Company complies with legislation affecting its operations; and
  - (o) how the Company monitors and ensures compliance with the Code.

- (3) Directors and employees must comply with the Code of Conduct and demonstrate commitment to the Code and consistency in its execution. Adherence to the Code of Conduct must be periodically evaluated and immediate action taken where necessary.
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## 10. Policies

### 10.1 Establish Policies

The Board (or appropriate Board committee) is responsible for establishing policies relating to the following matters.

### 10.2 Share Trading

- (1) The Company's share trading policy (**Share Trading Policy**) shall document the Company's policy relevant to trading in company securities by directors, officers and employees.
- (2) The Share Trading Policy must clearly identify those individuals who are restricted from trading, the relevant laws relating to trading, and include a coherent strategy for trading.

### 10.3 Communications Strategy with Shareholders

- (1) The Company's communications strategy (**Shareholder Communications Policy**) is designed to promote effective communication with shareholders and encourage participation at general meetings.
- (2) The Shareholder Communications Policy should include policies and procedures relating to use of the Company's website as a means of communicating with shareholders.

### 10.4 Disclosure

- (1) The Company's disclosure policy (**Continuous Disclosure Policy**) is designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.
- (2) The Disclosure Policy shall include vetting and authorisation processes designed to ensure that Company accounts:
  - (a) are made in a timely manner;
  - (b) are factual;
  - (c) do not omit material information; and
  - (d) are expressed in a clear and objective manner that allows the input of the information when making investment decisions.