



Adopted by the Board: 27 September 2006

## **BOARD CHARTER AND THE ROLE OF MANAGEMENT**

### **Introduction**

It is the aim of the Company to meet best practice in corporate governance, with a Company framework designed to:

- enable the Board to provide strategic guidance for the Company and effective oversight of management;
- clarify the respective roles and responsibilities of Board members and senior executives in order to facilitate Board and management accountability to both the Company and its shareholders;
- ensure a balance of authority so that no single individual has unfettered powers.

### **Role of the Board and its Membership**

The Board is responsible for corporate governance of the Company. It oversees the business and affairs of the Company, establishes the strategies and financial objectives to be implemented by management and monitors standards of performance. Those responsibilities and the powers reserved to it are set out below in detail.

The membership of the Board will be directed by the following requirements:

- The constitution of the Company specifies that there must be at least three directors and no more than seven. The Board may determine the size of the Board within those limits.
- The Board must consist of a majority of non-executive directors who satisfy the criteria for independence adopted by the Board.
- The Board should, collectively, have the appropriate level of personal qualities, skills, experience and time commitment to properly fulfil its responsibilities or have ready access to such skills where they are not available.

The Board may establish committees to assist it in carrying out its responsibilities. The Board will adopt charters setting out the membership, administration, purpose, responsibilities and functions appropriate to that committee.

### **Role of the Chairman**

In addition to his or her role as a director, the role of the Chairman includes:

- ensuring the Board provides leadership and vision to the Company;
- in conjunction with the Company Secretary, preparing the Board agenda;
- leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively use the time available to address the critical issues facing the Company;
- ensuring Board minutes properly reflect Board decisions;
- developing an ongoing relationship with the Managing Director, such that the Chairman is kept fully informed of the day-to-day matters of interest to the Board;
- acting as a mentor for the Managing Director;
- facilitating the effective contribution of directors including the commencement of the annual process of Board and director performance evaluation;
- promoting constructive and respectful relations between Board members and between Board and management;

### **Role of the Chairman** (continued)

- together with one other non-executive director facilitating the assessment of the Managing Director's performance; and
- guiding the ongoing effectiveness and development of the Board and individual directors.

### **Role of the Managing Director**

The Managing Director is responsible to the Board for the overall management and performance of the Company. The Managing Director should manage the Company in accordance with the strategy, plans, practices and policies approved by the Board to achieve the agreed objectives. In particular the Managing Director's responsibilities include:

- being the conduit through which the Board is provided sufficient and relevant information to act effectively;
- providing leadership to the Company and acting as the Company's interface with its operating environment and the general business and investment community;
- taking action to implement the Company's corporate strategy, including being active in identifying new initiatives for consideration;
- ensuring the Company's policies are complied with;
- referring all matters outside of the Managing Director's delegation to the Board for approval;
- other responsibilities as delegated by the Board from time to time.

All directors will have access to the Managing Director.

### **Role of Individual Directors**

The role of individual directors includes:

- contributing to Board activities to the best of their abilities and with the level of skill and care expected;
- discharging their duties in good faith and honestly in the best interests of the Company;
- using the power of office for proper purpose, in the best interests of the Company as a whole;
- acting with the required care and diligence, demonstrating commercial reasonableness in their decisions;
- avoiding conflicts of interest, not allowing personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- not making improper use of information gained through their position of director;
- making reasonable enquires to ensure that the Company is operating effectively, efficiently and legally toward achieving its objectives;
- undertaking diligent analysis of all proposals placed before the Board;
- serving on Board committees as required;
- participating in the appointment of new directors and directors performance evaluation; and
- acting in accordance with the duties and obligations imposed on them and the Board by the constitution and the law.

## **Role of the Company Secretary**

The Company Secretary is generally responsible for carrying out the administrative and statutory requirements of the Board by;

- coordinating the development of the agenda in a timely and effective manner for approval by the Chairman;
- ensuring, in conjunction with the Managing Director, that the board papers are developed in a timely and effective manner;
- ensuring the timely dispatch of the agenda and Board papers;
- coordinating, organising and attending meetings of the Board and shareholders, and ensuring the correct procedures are followed;
- drafting and maintaining minutes of Board and Company meetings;
- in conjunction with the Managing Director and senior management, carrying out the instructions of the Board and giving practical effect to the Board's decisions;
- working with the Chairman and Managing Director to establish and deliver best practice governance.

All directors will have access to the Company Secretary.

## **Responsibilities of the Board**

The full range of the Board's responsibilities is extensive and in addition to the matters required by law, includes the following:

### Performance

- ensuring the Company's long term viability and enhancing the financial position;
- formulating and overseeing implementation of the Company's corporate strategy;
- approving and monitoring the business plan, budget and corporate policies;
- monitoring and assessing performance of the Company and the Board itself;
- overseeing the risk management framework and monitoring of Company business risks;
- approving risk management policies and monitoring compliance with those policies; and
- monitoring developments in the oil and gas industry and the operating environment.

### Compliance / Legal Conformance

- understanding and protecting the Company's financial position;
- requiring and monitoring legal and regulatory compliance including compliance with accounting standards, TPA, OH&S and environmental standards;
- reviewing and approving annual accounts, annual report and other public documents and sensitive reports;
- approval of and monitoring of financial and other reporting; and
- ensuring an effective system of internal controls exists and is operating as expected.

### Overall Operations

- establishing the Company's vision, mission, values and ethical standards to be reflected in a Code of Conduct;
- monitoring compliance with ethical standards;
- delegating an appropriate level of authority to management and any changes to the delegations of the Board;

### Overall Operations (continued)

- demonstrating corporate leadership;
- assuming responsibility for the relationship with the Managing Director including his/her appointment, succession, performance assessment, remuneration and dismissal;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer, Chief Operating Officer and the Company Secretary;
- overseeing aspects of the employment of the management team including remuneration, performance and succession planning;
- selecting auditors;
- recommending the appointment, and reviewing the performance, of directors;
- appointing the members of Board committees;
- ensuring effective communication to shareholders, staff and other stakeholders;
- ensuring crisis management procedures are in place; and
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.

Matters which are specifically reserved for the Board or its committees include the following:

- the issue of securities, subject to the requirements of the law (Article 2);
- appointment of a Chairman (Article 15.8);
- appointment and removal of the Managing Director (Article 17.1) and Company Secretary (Article 18);
- appointment of directors to fill a casual vacancy or as additional directors (Article 13.6);
- establishment of Board committees, their membership and authority (Article 15.9);
- approval of dividends (Article 22);
- corporate governance principles and policies;
- approval of major capital expenditure, capital management, and acquisitions and divestitures (Article 14.1);
- calling of meetings (Article 11.1);
- any other specific matter nominated by the Board from time to time.

## **The Role of Management**

Management's role and responsibility is to:

- recommend the strategic direction and translate the strategic plan into the operations of the business;
- assume day to day responsibility for the Company's conformance with relevant laws and regulations and its compliance framework;
- achieve the performance targets set by the Board;
- develop, implement and manage the Company's risk management and internal control frameworks;
- develop, implement and update the Company's policies and procedures;
- be alert to relevant trends in the mineral ore industry and the Company's operating environment;
- provide sufficient and relevant information to the Board to enable the Board to effectively discharge its responsibilities;
- act as a conduit between the Board and the Company; and

Management's role and responsibility is to: (continued)

- manage the Company's human, physical and financial resources to achieve the Company's objectives – essentially "RUN THE BUSINESS".

### **Assistance to Board to Fulfil Roles and Responsibilities**

Board members will be assisted by the Company to fulfil their roles and responsibilities in ways which include:

- the provision of induction materials for new directors in order to gain an understanding of the Company's financial, strategic, operational and risk position, their rights, duties and obligations and the role of Board committees;
- the offer by the Company of an indemnity under the terms of the Company's constitution;
- professional development opportunities to update and enhance their skills and knowledge. This includes education concerning key developments in the Company and in the industry and environment within which the Company operates.

### **Conduct of Board Meetings**

- Board meetings will be conducted in accordance with the constitution.
- A Chairman will be appointed in accordance with the constitution.
- The constitution provides that the quorum for a meeting is three directors.
- Board meetings will be held at least twelve times a year at venues, dates and times agreed, where practical, an advance.
- In the ordinary course, Board and committee papers will be provided to directors at least four clear business days before the meeting, unless the meeting has been called urgently.
- The agenda for each Board meeting will be approved by the Chairman of the meeting and where relevant, developed in consultation with the Managing Director, through the Company Secretary.
- Board and committee papers will contain sufficient and relevant information to enable directors to efficiently discharge their responsibilities and to make informed decisions on each of the agenda items for consideration.
- The minutes of Board meetings will be circulated prior to the next meeting and will be confirmed at the next meeting and signed by the Chairman.

### **Other responsibilities**

1. **Corporate Governance Charter**
2. **Share Trading Policy**
3. **Shareholder Communications**
4. **Code of Conduct**

## **1. Corporate Governance Charter**

### **Purpose**

The Corporate Governance Charter is to assist the Board in the effective discharge of its responsibilities for:

- ensuring the Company has appropriate ethical standards and corporate governance policies and practices;
- issuing an annual corporate governance statement;
- ensuring compliance with regulatory requirements for corporate governance.

### **Responsibilities and Functions**

The following are intended to form part of the usual procedures for the committee's purpose:

- prepare and review corporate governance policies in light of best practice, regulatory requirements and developments and the needs of the Company including policies for continuous disclosure and dealings in securities;
- Review the corporate governance statement for inclusion in the Company's annual report in accordance with ASX Listing Rule 4.10.3;
- Prepare and review the Company's ethical standards including its Code of Conduct;
- Consider the methodology for reviewing the performance of the Board, the Chairman and individual non-executive directors;
- Make recommendations to the Board in relation to all of the above.

### **Review**

The Board will, at least once a year, review The Corporate Governance to determine its adequacy and effectiveness for current circumstances and recommend changes on appropriate responsibilities.

## **2. Share Trading Policy**

### **Introduction**

This policy applies to all directors, officers, employees and contractors of the Company and the companies in the group (collectively called Directors and Employees).

This policy:

- includes a brief summary of the laws that govern dealings in the Company's securities (this includes its shares, options, warrants and other financial products traded on a financial market) when Directors and Employees have inside information about the Company (called insider trading);
- gives guidance to Directors and Employees who may contemplate dealing in the Company's securities; and
- states the Company's position on Directors and Employees dealing in the securities of other companies where they are in possession of inside information because of their position in the Company.

## **Insider Trading Prohibited for Dealings in Company Securities**

Directors and Employees who are in possession of inside information about the Company's securities must not:

- deal in those securities;
- procure another person such as a family member, friend or associate to deal with those securities; or
- communicate the inside information to another person who is likely to deal in the Company's securities or procure another person to do so.

Inside information is information that is not generally available, but if it were, a reasonable person would expect it to have a *material effect* on the price or value of the particular security. Information that would have a material effect on the price or value of a particular security is determined if and only if it would or would be likely to influence persons who usually acquire such securities in deciding whether to sell or buy those securities.

There may be significant criminal and civil liability and penalties (including imprisonment) imposed on those who breach the law concerning insider trading.

## **When Dealings in Company Securities are Not Permitted**

- In addition to the specific prohibition set out under the heading Insider Trading Prohibited for Dealings in Company Securities, Directors and Employees may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options:
  - except during a four week period commencing immediately after either the release of the Company's half-year and annual results to the Australian Stock Exchange ('ASX'), the annual general meeting or any major announcement
  - whilst in possession of price sensitive information not yet released to the market
  - raising the awareness of legal prohibitions including transactions with colleagues and external advisers
  - requiring details to be provided of intended trading in the Company's shares
  - requiring details to be provided of the subsequent confirmation of the trade
  - identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

Any trading outside these periods/terms can only be conducted with the prior approval of the Chairman.

The Board may resolve that there are specific periods when directors and employees can deal in Company securities. Employees will be notified of these periods by the Managing Director or Chairman by email for facsimile.

## **Insider Trading Prohibited for Dealings in Securities of Other Companies**

Directors and Employees, in the course of performing their duties for the Company, may come into possession of inside information about other companies. The insider trading rules outlined above also apply to dealings with securities in other companies. Directors and Employees are also bound by duties of confidentiality in relation to the inside information obtained about third parties in the course of performing their duties in or their position in the Company.

## **Compliance with this Policy**

Directors and Employees are encouraged to contact the Chairman, Managing Director or Company Secretary to clarify if a particular proposed dealing in the Company's securities is permitted. Any Director or Employee may be asked to confirm their compliance with this policy or to provide confirmation of their dealing in Company Securities. Any request must be responded to promptly.

This policy must be strictly complied with and any breach will be regarded seriously. A breach of this policy may result in disciplinary action being taken which may (if applicable) include dismissal from employment with the Company.

## **3. Shareholder Communications**

In order to keep shareholders informed about the affairs of the Company and its important developments, the Company;

- has established a website ([www.centrexmetals.com.au](http://www.centrexmetals.com.au)) containing information about the Company including details about its assets and activities, media releases, research reports and some of its key policies. The website also includes the latest financial reports and annual report of the Company;
- places all new ASX releases and other relevant information it has given to the ASX on its website once the releases and information have been received by the ASX;
- encourages its shareholders to attend the annual general meeting and to discuss and question its Board and management. The Company's external auditor is also invited to attend each annual general meeting to answer questions from shareholders as appropriate;
- in addition to encouraging attendance at annual general meetings, invites shareholders to direct general comments and queries to the Company using the "Investor Contact" page of its website;
- sends letters to its shareholders from the Managing Director or Chairman specifically to inform shareholders of key matters of interest; and
- uses the services of an investor relations consultant to assist in responding to shareholder queries.

## **4. Code of Conduct**

It is the Company's objective to appropriately balance, protect and enhance the interests of its key stakeholders. Proper behaviour by the Company's directors, officers, employees and those the Company contracts to do work for it is essential in achieving this objective.

This Code of Conduct:

- sets out the standards of behaviour to apply to every aspect of the Company's dealings and relationships both inside and outside of the Company;
- refers to policies, practices and procedures adopted by the Company to assist and guide the Company and its people to meet those standards;
- applies to the directors, officers and employees and where relevant and to the degree to which it is able, the contractors of the Centrex Metals Limited company.

Meeting the standards means that each person who this Code applies to will take responsibility for conducting themselves in accordance with this Code in the context of their role in the Company.

## **Standards of Behaviour**

The following standards of behaviour apply:

- Comply with the laws that govern the Company and its operations.
- Act honestly and with integrity and fairness in all dealings with others and each other.
- Avoid or manage conflicts of interest.
- Use Company assets properly and efficiently for the Company's benefit.
- Contribute to the well being of the Company's key stakeholders.
- Seek to be an exemplary corporate citizen.

## **Comply with the Laws that Govern the Company and its Operations**

This means:

- The Company aims to act in each place it operates, in a manner which complies with both the letter and the spirit of the law.
- Directors, officers and employees need to be familiar with the duties and responsibilities applying to them under the laws relevant to the Company and in the context of their role in the Company.
- Directors, officers and employees are encouraged to:
  - (a) ask for clarification and assistance about the application and interpretation of any law;
  - (b) regularly update their knowledge of the law as it applies to their role with the Company and undertake relevant training or professional development as necessary.

## **Act Honestly and with Integrity and Fairness in all Dealings with Others and Each Other**

This means:

- A conflict of interest arises when a person is tempted to prefer their own interests or the interests of others (such as relatives or friends) instead of the interests of the Company. In other words, a conflict of interest may occur where loyalties are divided.
- Directors, officer and employees should be familiar with the Company's policy dealing with actual conflicts of interest and potential or perceived conflicts of interest.

## **Use Company Assets Properly and Efficiently for the Company's Benefit**

This means:

- The Company's assets (such as information, equipment or funds) must be used properly and efficiently for the Company's benefit to achieve its objectives and not for the advantage of others or to cause loss to the Company. There are policies that relate to use of Company assets.
- Directors, officers and employees will use their time effectively and efficiently in the context of their role in the Company.
- All directors, officers and employees are subject to confidentiality arrangements aimed to protect the non-public information owned or used by the Company. The Company also has policies to protect data in the Company's computer system.
- Directors, officers and employees should be familiar with the Company's Share Trading Policy which ensures that sensitive Company information is not used inappropriately in dealing with Company shares and options.

## **Contribute to the Well Being of its Key Stakeholders**

This means:

- The Company aims to foster a climate which governs innovation and diligence amongst its people by:
  - (a) encouraging participation in professional development to benefit the Company and the individual and to enable its people to better fulfil their roles in the Company. The Company has policies to support this commitment;
  - (b) adopting principles aimed to attract, retain and reward employees who assist the Company to achieve its objectives;
  - (c) encouraging personal development of its people for the benefit of the Company.
- The Company aims to be an employer of choice and to provide a family friendly work environment.
- The Company has policies and practices in place to provide and maintain a healthy and safe work place.
- The Company will seek to deliver shareholder value and wealth.
- The Company has adopted strategies to keep shareholders and other key stakeholders informed about the Company and its key developments. The Company has a policy to reflect this commitment.

## **Seek to be an Exemplary Corporate Citizen**

This means:

- The Company will look for ways to support the communities in which it operates.
- The Company is committed to conducting its operations in an environmentally responsible manner and has a policy to support this.
- The Company is committed to constructive relations with indigenous communities.

## **Centrex Metals Policies**

The Company has implemented policies and procedures. Copies can be found on the Company's computer network or can be obtained from the Company Secretary. Directors, officers and employees are expected to be familiar with current policies and procedures and to comply with them at all times.

There is a program to review and update policies and procedures. Any changes to the policies and procedures will be advised when they occur.

## **Compliance with this Code**

Compliance with this Code requires genuine commitment and the cooperation of every person. This includes a responsibility on each person to report any breach or possible breach of this Code that a person becomes aware of. The type of breach or possible breach may range from dishonest behaviour, fraud, a breach of a law, improper conduct or an un-safe work practice.

A possible breach or breach of this Code should be reported to the Company Secretary, Managing Director or Chairman. There are laws to ensure that a person who makes a report will not be personally disadvantaged. The Company will endeavour to protect the privacy of the person making the report and keep the information reported in confidence so far as the issue reported allows. A person may choose to make a report anonymously.

**Compliance with this Code** (continued)

Reports will be investigated. All directors, officers and employees are expected to assist in any investigation. The type of action taken in relation to any breach will be determined by the nature of the breach. Action could include counselling, disciplinary action, and where appropriate, termination of employment. In cases of misconduct or a breach that involves criminal activity a report will be made to the relevant authority.

If there are any questions or issues regarding this code or the Company's policies and procedures, the Company Secretary should be contacted.

**Review**

The Board will review this charter at least once a year.

**MANAGING DIRECTOR APPROVAL.....**