

## **Corporate Governance Practices**

### **1. Board of Directors and Management Charter**

The relationship between the Board and senior management is critical to the Company's long term success. The directors are responsible to the shareholders for the performance of the Company in both the short term and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives. These delegations are reviewed on an annual basis.

A description of the Company's main corporate governance practices pertaining to its Board and management is set out below.

#### **The Board of Directors**

The Board operates in accordance with the broad principles set out in this charter which is available on the Company website. The charter details the Board's composition and responsibilities.

#### ***Board composition***

- The Board is to comprise both executive and non-executive directors, with a majority of non-executive directors. Non-executive directors bring an independent perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise unbiased judgement and review and constructively challenge the performance of management.
- In recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman should be an independent non-executive director. The majority of the Board should be independent of management and all directors are required to bring independent judgement to bear in their Board decision making.
- The Chairman is elected by the full Board and is required to meet regularly with the Managing Director.
- The Company is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience.
- The Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Company.
- Each director is encouraged to own shares in the Company.
- The Board seeks to ensure that:
  - at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or independent perspective,
  - the size of the Board is conducive to effective discussion and efficient decision-making.

## **Corporate Governance Practices (continued)**

### **1. Board of Directors and Management Charter (continued)**

#### **The Board of Directors (continued)**

##### *Board responsibilities*

The responsibilities of the Board include:

- Providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy.
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Overseeing and monitoring:
  - organisational performance and the achievement of the Company's strategic goals and objectives;
  - compliance with the Company's Code of Conduct;
  - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments.
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's independent auditors.
- Appointment, performance assessment and, if necessary, removal of the Managing Director.
- Ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the Chief Financial Officer and the Company Secretary.
- Ensuring there are effective management processes in place and approving major corporate initiatives.
- Enhancing and protecting the reputation of the organisation.
- Overseeing the operation of the Company's system for compliance and risk management reporting to shareholders.

##### *Directors' independence*

The Board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- Not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the company.
- Within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a director after ceasing to hold any such employment.
- Within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Company member, or an employee materially associated with the service provided.

## **Corporate Governance Practices (continued)**

### **1. Board of Directors and Management Charter (continued)**

#### **The Board of Directors (continued)**

##### ***Director's independence (continued)***

- Not be a material supplier or customer of the Company or any other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Must have no material contractual relationship with the Company or a controlled entity other than as a director of the Company.
- Not have been 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.
- Be 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.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or 5% of the individual directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

##### ***Term of office***

The Company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting following their last election. Where eligible, a director may stand for re-election.

##### ***Chairman and Managing Director (MD)***

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the Board's relationship with the Company's senior executives.

The MD is responsible for implementing Company strategies and policies.

These are separate roles to be undertaken by separate people.

## **Corporate Governance Practices (continued)**

### **1. Board of Directors and Management Charter (continued)**

#### **The Board of Directors (continued)**

##### *Responsibilities of management*

The responsibilities of management are to:

- Assume and exercise the powers and perform the duties from time to time vested in management by the Board.
- Manage the Company's day to day activities.
- Develop corporate strategy performance objectives, budgets, financial plans and proposals for major projects for consideration and approval by the Board.
- Manage the Company's financial and investment decisions.
- Lead negotiations in relation to material transactions.
- Manage staff recruitment, deployment and dismissals.
- Manage investor relations.
- Provide regular reports to the Board of the Company's significant operations including exploration, development, finance, safety, government, investor relations, environmental matters and compliance.

##### *Commitment by directors*

Non-executive directors are expected to spend sufficient time properly preparing for and attending Board and management meetings and associated activities.

It is the Company's practice to allow its executive directors to accept appointments outside the Company with prior written approval of the Board.

The external commitments of non-executive directors are considered by the Board prior to the directors' appointment to the Board of the Company and are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

## **Corporate Governance Practices (continued)**

### **1. Board of Directors and Management Charter (continued)**

#### **The Board of Directors (continued)**

##### *Independent professional advice*

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

##### *Performance assessment*

The Board undertakes an annual self assessment of its collective performance, the performance of the Chairman and of its committees. Management are invited to contribute to this appraisal process. The results and any action plans are documented together with specific performance goals which are agreed for the coming year.

The Chairman undertakes an annual assessment of the performance of individual directors and meets privately with each director to discuss this assessment.

##### *Management succession planning*

The Board will assume responsibility for management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

##### *Management performance*

The performance of senior executives is assessed by the Managing Director. The assessment involves an annual review of performance and development and the results of the review are formally documented.