



**ABN 63 009 193 980**

# **BLACKTHORN RESOURCES LIMITED**

## **BOARD CHARTER**

**November 2011**

# BLACKTHORN RESOURCES LIMITED

## BOARD CHARTER

### 1. Purpose

- 1.1 This Board Charter sets out how the Blackthorn Resources Group is governed and the role and responsibilities of the Board of Blackthorn Resources Limited.

### 2. Role of the Board

- 2.1 The Board is responsible for the protection and enhancement of long-term shareholder value. This includes responsibility for corporate governance policies and practice adopted by the Blackthorn Resources' Group.
- 2.2 The role of the Board is to provide the overall strategic direction for the Blackthorn Resources' Group and to guide and monitor the business and affairs of the Company on behalf of its shareholders by whom it is elected and to whom it is accountable.
- 2.3 The Board operates under the Company's Constitution, from which it derives its ultimate authority.

### 3. Responsibilities of the Board

The Board is responsible for:

#### 3.1 Strategy

- Formulating Blackthorn Resources' strategic direction, objectives and goals.
- Reviewing and approving strategic plans, capital investments and corporate objectives consistent with the corporate strategy.
- Monitoring the implementation of and performance against the strategic plans.

#### 3.2 Management Oversight

- Identifying and appointing directors to the Board.
- Appointing members to Board Committees, including the Audit & Risk Committee and the Remuneration Committee.

- Reviewing the performance of the Board, its committees and directors.
- Appointing and, if appropriate, removing the Chief Executive Officer.
- Ratifying the appointment of and, if appropriate, removing executives reporting to the Chief Executive Officer, including the Chief Financial Officer, Company Secretary and Chief Operating Officer.
- Implementing succession plans for key executive appointments.
- Approving corporate remuneration policies and practice, including Company incentive plans.
- Approving the appointment of External Remuneration Consultants.
- Monitoring the performance and remuneration of key executives against measurable and qualitative objectives.

### 3.3 Shareholders & Stakeholders

- Reviewing the effectiveness of shareholder communications.
- Reporting to shareholders in accordance with the Corporations Act and other legislative requirements.
- Reviewing and approving significant announcements made to the Australian Securities Exchange
- Approving and monitoring compliance with the Company's disclosure obligations and compliance with the Company's Disclosure Policy.

### 3.4 Ethical Standards and Diversity

- Defining and promoting ethical behaviour and standards within the Company.
- Approving and monitoring compliance with the Company's Code of Conduct.
- Approving and monitoring compliance with the Company's Diversity Policy.

### 3.5 Financial and Operational Oversight

- Approving capital management plans and decisions, including capital structures, financing arrangements and dividend policy.
- Approving business plans and budgets.
- Delegating appropriate levels of authority to management, in particular the Chief Executive Officer and executives reporting to the Chief Executive Officer.

- Monitoring the financial and operational performance the Company on an on-going basis.
- Approving the Company's annual and half-yearly financial reports.
- Overseeing the Company's accounting and financial management systems and procedures, including the adequacy of its internal control systems and procedures.

### 3.6 Corporate Governance & Risk Management

- Recommending to the Shareholders the appointment and removal of the Company's external auditor, including terms and conditions of appointment and remuneration.
- Approving and overseeing the Company's risk management strategy.
- Monitoring significant business risks, including the Company's risk profile.
- Approving, ratifying and monitoring the Company's written policies, codes and procedures governing compliance, risk management and operational oversight.

## 4. **Composition**

4.1 The Board determines its size and composition within the limits provided by the Company's Constitution. In considering appropriate members for the Board it will look for a mix of skills, personal qualities, expertise and diversity which will compliment the Company's business.

The Company's Constitution provides for a minimum of three and a maximum of twelve directors.

- 4.2 The Board should comprise a majority of non-executive directors.
- 4.3 The Chairman of the Board is elected by the directors and must be a non-executive director.
- 4.4. The quorum for a meeting of the Board will be two directors, at least one of whom must be a non-executive director.
- 4.5 Directors must retire from office in accordance with the Company's Constitution.
- 4.6 In-line with ASX Guidelines, the Board considers a director to be independent if the director complies with the following criteria:
- Should not have any business dealings which could materially affect their independent judgement;

- Has not been in an executive or advisory capacity to the Company in the last three years;
- Does not have a material contractual relationship with the Company other than as a director;
- Is not a material customer of or supplier to the Company; and
- Is not a substantial shareholder or associated with a substantial shareholder of the Company.

4.7 Directors must at all times act in accordance with legal and statutory requirements, and properly discharge all their duties as directors.

In doing so directors must:

- Discharge their duties in good faith, for a proper purpose and in the Company's best interests;
- Act with care and diligence and with a level of skill expected of a director of a public listed company;
- Avoid conflicts of interest, except as permitted by law and with proper disclosure where a conflict arises;
- Not take improper advantage of their position as a director;
- Undertake appropriate and necessary enquiry in respect of the Company's business and its delegates;
- Provide all necessary information required by Corporations Law, including relevant ASX disclosures.

## **5. Board Process**

5.1 The Board will meet formally not less than seven times each year.

5.2 The Board will also meet whenever necessary to deal with urgent matters that may arise between scheduled meetings.

5.3 Directors are entitled to attend all committee meetings of the Board and receive committee papers and minutes of committee meetings.

5.4 The Board may invite other attendees to attend Board meetings as required to assist the Board with its deliberations.

5.5 The Board will maintain minutes of all its meetings, which will be provided to the Board, together with any recommendations to management or the Board.

5.6 Directors are committed to collective decision making and should endeavour to reach a consensus decision on all matters requiring Board approval. Where a consensus decision is not able to be made, the decision of the Board will be determined by a majority of votes of directors present and voting at the meeting. Subject to the Corporations Act, each director has one vote.

In case of an equality of votes, the Chairman does not have a second or casting vote in addition to a deliberative vote.

- 5.7 Meetings of directors may be held by communicating with each other using any technological means agreed to by directors – directors need not be physically present in the same place.
- 5.8 Directors have the right of access to all relevant Company information and to the Company's management.
- 5.9 Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

## **6. Performance**

- 6.1 The Board will at least annually evaluate its performance and the performance of its committees and individual directors to determine whether or not it is functioning effectively by reference to this Charter and current best practice.
- 6.2 This Board Charter will be reviewed annually by the Board to ensure that it remains relevant to the Company's business operations and its changing business requirements.

## **7. Publication of Charter**

- 7.1 The key features of this Charter will be outlined in Blackthorn Resources' annual report.
- 7.2 This Charter will be made available to Blackthorn Resources' shareholders on request.
- 7.3 A copy of this Charter will be made available on Blackthorn Resources' website [www.blackthornresources.com.au](http://www.blackthornresources.com.au)

**Approved and adopted by the Board of Blackthorn Resources Limited on 24 November 2011.**