



# Board Charter

## 1. PURPOSE AND SCOPE

Freehill Mining Limited (FHS) recognises that corporate governance is fundamental to the effective operation of the company.

The Board is the pivotal element of corporate governance as it strives to be an effective and independent representative of stakeholders and provide value to the organisation.

This Charter sets out the responsibilities, structure and composition of the Board of Directors (Board) of the company.

## 2. ROLE OF THE BOARD

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall management and corporate governance of FHS, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The specific roles and responsibilities of the Board are:

- oversight of FHS including its controls, risk management, financial structures and accountability systems;
- setting strategic direction for management with a view to maximising shareholder value;
- input into and final approval of strategic plans and goal and performance objectives and key operational and financial matters;
- determine dividend payments;
- selecting, appointing and reviewing the performance of the Chief Executive Officer (CEO);
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (CFO) and Company Secretary;
- approval of annual and half yearly financial reports and related Australian Securities Exchange reports;
- selecting and appointing new non-executive directors;
- approve major capital expenditure and acquisitions;
- evaluate the Board's performance and that of individual directors;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- deal with approaches to take over the company; and
- approve and monitor financial and other reporting.

## 3. ROLE OF EXECUTIVE DIRECTOR

The Board has delegated authority for the management of FHS's day to day business operations. The Executive Director is responsible for managing the Company in accordance with the strategies and policies approved by the Board and for keeping the Board informed of all activities within the Group.

He is also responsible for appointing the executives and staff of FHS and for ensuring that any price sensitive information required to be disclosed to the ASX under continuous disclosure regulations is passed on to the Company Secretary.

## 4. BOARD COMPOSITION

The Board reviews its composition and assesses nominations for new appointments from time to time to ensure the right balance of skills and experience is maintained.



The Board members are listed in the annual report with their brief resumes.

Directors are considered independent directors if they:

- are not a substantial shareholder or associated directly or indirectly with a substantial shareholder;
- haven't been employed in an executive position in the last three years by FHS or a substantial shareholder;
- have not been a principal of a material professional advisor or consultant to FHS in the last three years;
- are not a material customer/supplier of FHS;
- have no material contractual relationship with FHS; and
- have no other interest or relationship that could interfere with the director's ability to act in the best interests of FHS.

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of FHS. Where the Board believes that a significant conflict exists, the director concerned is not to receive the relevant board papers and is not to be present at the meeting whilst the item is considered. Independent directors should provide all relevant information to allow the Board to regularly assess their independence. The Company Secretary holds a Conflicts of Interest register where all conflicts must be recorded.

The Constitution of FHS provides that:

- the number of directors shall be more than three but not more than six;
- one-third of directors must retire from office at the Annual General Meeting (AGM) each year and such retiring directors are eligible for re-election;
- directors appointed to fill casual vacancies must submit to election at the next general meeting;
- the number of directors necessary to constitute a quorum is not less than two of the directors currently in office, of which one must be a non-executive director.

The composition of the Board is determined using the following principles:

- the number of directors may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- the Chairman of the Board should be a non-executive director;
- the Board should comprise a majority of non-executive directors; and
- the Board should comprise of directors with a broad range of expertise both locally and nationally.

## 5. ROLE OF THE CHAIRMAN

The Chairman is responsible for the leadership of the Board, for the efficient organisation and conduct of Board functions and for briefing of all directors in relation to issues arising at Board meetings.

The role of the Chairman and the Executive Director should not be exercised by the same person.

The Chairman is to be an independent director.

## 6. BOARD COMMITTEES

One Board committee has been established to assist the Board in the execution of its duties and responsibilities. This is the Audit Committee.

The Charter of each Board committee setting out the matters detailing its composition and responsibilities are separate documents which are approved by the Board.



## 7. NOMINATIONS COMMITTEE

The Company does not have a separate Nominations Committee.

The structure of the Board is reviewed annually by Board members to ensure that it has an appropriate mix of qualifications, skills, experience and diversity.

When assessing the structure of the Board, the following issues are addressed:

- an assessment of the skills and competencies of the Board;
- from time to time, assessing the extent to which the required skills are represented on the Board;
- establishing processes for the identification of suitable candidates for appointment to the Board; and
- considering recommendations for the appointment of Directors.

## 8. DIRECTOR EDUCATION

FHS has a process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of FHM concerning the performance of directors. Directors also have the opportunity to visit FHS facilities and meet with management to gain a better understanding of business operations.

## 9. INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

The Board is provided with complete and adequate information prior to Board meetings and on an ongoing basis. Board papers are prepared and generally sent to directors at least three working days in advance. They will include management reports, latest financial accounts, matters requiring the Board's decision and updates on key outstanding issues.

Each director has the right of access to all relevant company information and, subject to prior consultation with the Chairman, may seek independent professional advice at FHM's expense. A copy of the advice received by the director is to be made available to all other members of the Board.

## 10. PERFORMANCE EVALUATION

The Chairman of the Board evaluates the performance of individual directors and the Board collectively on an ongoing basis. Performance criteria to which he has reference include attendance and participation at meetings, contribution to Board debate on key issues and the effectiveness of the Board as a whole in providing the company with clear guidance and direction.