



BOARD CHARTER

1. OVERVIEW

- 1.1 The Board is primarily responsible for ensuring that Afton Energy Pty Ltd (Afton) has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.
- 1.2 The Board is also responsible for ensuring that Afton recognises its legal and other obligations to all legitimate stakeholders from time to time where and to the extent appropriate. "Stakeholders" are groups that are likely to feel a social, environmental or economic impact from Afton's actions. They include shareholders, employees, contractors, regulatory bodies and members of the communities where Afton operates and are affected by Afton's activities.
- 1.3 This Board Charter explains Afton's commitment to corporate governance and sets out the role, responsibilities and conduct of the Board. It is not an "all inclusive" document and should be read as an expression of principle.

2. COMPLIANCE AND GOVERNING MATERIALS

2.1 Constitution

Afton's Constitution is Afton's key governance document. The Board must ensure that it and Afton comply at all times with the provisions of the Constitution.

2.2 Compliance with Laws

Afton must comply with the *Corporations Act*, as well as all other applicable laws and statutes. Examples of applicable areas of regulation include:

- i. environmental protection legislation;
- ii. occupational health & safety legislation;
- iii. employment related laws; and
- iv. anti-discrimination legislation.

As a company operating in jurisdictions outside Australia, Afton must ensure that it is aware of, and complies with, all applicable laws and statutes in those jurisdictions.

2.3 Governance Materials

The operations and conduct of Afton are administered in accordance with all governance materials adopted by the Afton Board, including but not limited to:

- i. this Charter;
- ii. Risk Management Policy;
- iii. Code of Conduct and Ethics;



3. COMPOSITION OF THE BOARD

3.1 Number of Directors

In accordance with the Constitution and the *Corporations Act*, the Board shall at all times have at least one Australian Director.

3.2 Alternate Directors

Directors may appoint Alternate Directors in accordance with the Constitution.

3.3 Appointment and Removal of Directors

General

Directors will be appointed and removed in accordance with the *Corporations Act* and the Constitution.

Considerations

In selecting new Directors, the Board must ensure that the candidate has the appropriate range of skills, experience and expertise that will best complement Board effectiveness.

In addition, any candidate must confirm that they have the necessary time to devote to their Afton Board position prior to appointment.

4. INFORMATION AND INDEPENDENT ADVICE

4.1 Induction Program

New Directors undergo an induction process in which they are given a full briefing about Afton. Where possible, this includes meetings with key executives, tours of the relevant sites, an induction package and presentations. Information conveyed to new Directors includes:

- i. details of all relevant legal requirements;
- ii. access to a copy of the Board Charter.
- iii. guidelines on how the Board processes function;
- iv. details of past, recent and likely future developments relating to the Board;
- v. background information on and contact information for key people in the organisation;
- vi. an analysis of Afton's operations and the industry sectors within which Afton operates;
- vii. Afton's financial, strategic, operational and risk management position;
- viii. a synopsis of the current strategic direction of Afton including a copy of the current strategic plan and annual budget;
- ix. a copy of Afton's Constitution; and
- x. any other relevant information.

4.4 Ongoing Information

The Chairman, Managing Director, Chief Financial Officer, Company Secretary and any other Executive Officers must be conscious to ensure that updated information is provided to the Board in a timely fashion to enable them to effectively discharge their duties as Directors. This may be part of, or in addition to, the periodic board reporting process.

4.5 Requested Information

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any employee or contractor (Employee) of Afton and all Employees must comply with such requests.

Unless a conflict exists or to do so would be inconsistent with the Director's duties, the Director is to request such information via the Managing Director.

4.6 Independent Professional Advice

The Board collectively and each Director, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

5. DUTIES AND RESPONSIBILITIES

5.1 The Board is responsible for governing Afton and for setting the strategic direction of Afton, including:

- i. oversight of control and accountability systems;
- ii. appointing and removing the:
 - a. Managing Director;
 - b. Chief Financial Officer; and
 - c. Company Secretary;
- iii. input into and final approval of corporate strategy;
- iv. approving the annual operating budget;
- v. approving and monitoring the progress of major capital and operating expenditure;
- vi. monitoring compliance with all legal and regulatory obligations;
- vii. reviewing any risk management system (which may be a series of systems established on a per-project basis) and internal compliance and controls;
- viii. monitoring any Executive Officer's performance; and
- ix. approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders.

5.2 In discharging his/her duties, each Director must:

- i. exercise care and diligence;
- ii. act in good faith in the best interests of Afton;
- iii. not improperly use his/her position or misuse information of Afton; and
- iv. commit the time necessary to discharge effectively his/her role as a Director.

5.3 All Directors are entitled to be heard at all Meetings and to the extent practicable, should bring an objective judgement to bear in decision-making.

6. THE CHAIRMAN

The Chairman is responsible for:

- i. leadership of the Board;
- ii. overseeing the Board in the effective discharge of its supervisory role;
- iii. the efficient organisation and conduct of the Board's function and Meetings;
- iv. facilitating the effective contribution of all Directors;
- v. briefing all Directors in relation to issues arising at Meetings;
- vi. the promotion of constructive and respectful relations between Directors; and
- vii. committing the time necessary to discharge effectively his/her role as Chairman.

7. MEETINGS

7.1 The Board should meet as often as the Chair of the Board determines necessary. Board Meetings may however be requested by any Director. The Board may hold ad-hoc meetings which may be held in addition to scheduled meetings and also pass resolutions by circulation in between two Board Meetings.

7.2 On at least two separate occasions during the year, the Board will meet in a dedicated session which may be prior to or following a Board Meeting to discuss mitigated, current, emerging and possible material risks.

7.3 A quorum for a Board Meeting is when at least two Directors are present.

7.4 Minutes of all meetings of the Board are to be kept by the Company Secretary.

7.5 Relevant Afton employees may be invited to attend Board Meetings.

8. CORPORATE GOVERNANCE

9.1 The Board is responsible for the adoption, oversight and administration of relevant corporate governance materials of Afton, including but not limited to those documents listed in paragraph 2.3.

9.2 As part of an effective communications strategy, Afton will maintain and keep current its Corporate Governance website.

10. PERFORMANCE

To determine whether it is functioning effectively, the Board shall:

- i. review this Charter annually; and
- ii. perform an evaluation of its performance at intervals considered appropriate by the Chairman.