



Board Charter

TerraCom Limited

ACN : 143 533 537

1. Purpose

- 1.1 The Board of Directors is accountable to the shareholders for the proper management of the business and affairs of TerraCom Limited (TC) and its subsidiaries.
- 1.2 This Charter sets out the foundations for the management and oversight of TC.
- 1.3 The Board recognizes its primary obligations under law and as set out in TC's Constitution and acknowledges that, to the extent of any inconsistency, its obligations under all applicable laws and the Constitution prevail over this charter.

2. Board Responsibilities

- 2.1 The Board is responsible for the overall direction and management of tC and the formatulation of the policies to be applied to the Business. This includes determining :
 - (a) the general policies of TC;
 - (b) the strategic priorities and objectives of TC;
 - (c) the financial objectives and criteria of TC; and
 - (d) matters of a major or unusual nature which are not in the ordinary course of business of tC.
- 2.2 Decisions which are not part of the day to day management of TC or which have not otherwise been delegated to the Managing Director or executive team, must be made by the Board.
- 2.3 In performing its functions, the Board must act at all times in accordance with applicable laws, TC Code of Conduct and other relevant corporate governance standards adopted by TC from time to time.
- 2.4 The other key responsibilities of the Board are as follows:
 - (a) Appoint and review the performance of the Chairman and management;
 - (b) Develop with management and approve strategy, planning, exploration programs and major capital expenditure;
 - (c) Arrange for effective budgeting and financial supervision
 - (d) Ensure that appropriate audit arrangements are in place;
 - (e) Ensure that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately; and
 - (f) Report to shareholders.
- 2.5 The Board is also responsible to shareholders for TC's strategic direction and the execution of the Company's overall objective, which is to increase long-term shareholder value.
- 2.6 Only the Directors have the capacity to bind the Company.

3. Composition

3.1 Chairperson

- (a) The Chairperson of the Board of TC must be appointed and removed by the Board.
- (b) The Chairperson is responsible for leadership and effective performance of the Board.

3.2 Directors

- (a) The Board must comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas;
- (b) The Board should not comprise a majority of executive Directors; and
- (c) Directors should bring characteristics which allow a mix of qualifications, skills and experience both nationally and internationally.
- (d) Directors are encouraged to constructively challenge and contribute to the development of TC's business.

3.3 Company Secretary

- (a) The Company Secret of TC must be appointed and removed by the Board and is accountable to the Board on all governance matters.
- (b) Each Director has a right of access to the Company Secretary at all times.

3.4 Nominations and appointment of new directors

Recommendations of candidates for new Directors are made to the Board. The Board as a whole must make such appointments as it considers the most appropriate for the Company.

3.5 Review of Performance

The Board must review its performance and composition at least on an annual basis to ensure that it has the appropriate mix of expertise and experience, taking into account the size and nature of the Company's activities.

3.6 Directors' Remuneration

- (a) The remuneration of non-executive Directors is different from that of executives. Executive Directors receive a salary and may receive other benefits.
- (b) Non-executive Directors receive a set fee per annum, in addition to their statutory superannuation entitlements, and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties. When reviewing Directors' fees, the Board takes into account any changes in the size and scope of TC activities.
- (c) The Board must review the remuneration and policies applicable to all Directors on an annual basis. Remuneration levels are where the Company's position permits to be competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary, the Board will obtain independent advice and the appropriateness of remuneration packages.

4. Meetings

- 4.1 The Board will endeavour to meet at least 4 times per year and otherwise as required to satisfy the operational needs of TC. Where necessary, decisions of the Board may be made by circular resolution pursuant to the Constitution.

- 4.2 Where possible, board papers should be provided to Directors at least 3 Business Days prior to the relevant meeting.
- 4.3 Board agendas should be settled by the Chairperson in conjunction with the Managing Director and Company Secretary.
- 4.4 A record of Board submissions and papers, and of material presented to the Board must be maintained and held by the Company Secretary, together with minutes of meeting. All such papers are accessible by Directors.

5. Communications

- 5.1 All Board communications should be made through the Chairperson, Managing Director or the Company Secretary.
- 5.2 The Board will use its best endeavours to keep shareholders informed of material decisions affecting TC's business plan.
- 5.3 The Board encourages shareholder participation at all members' meetings.
- 5.4 All shareholders should also have contact details for the Managing Director and Company Secretary.

6. Board Access to Information

- 6.1 All Directors are to have unrestricted access to any employees of or contractors to the Company and, subject to the law, access to all Company records and information held by employees and external advisers. The Board must receive regular detailed financial and operational reports from senior management to enable it to carry out its duties.
- 6.2 Each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

7. Business Risks

- 7.1 The Board is committed to ensuring that the risks associated with TC's business activities are properly identified, monitored and managed and to embedding in its management and reporting systems a number of risk management controls. The Board is charged with implementing appropriate risk management systems within TC as reported to it by management.
- 7.2 The Board is to monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

7.3 Specific areas of risk to be regularly considered at Board meetings are to include intellectual property, changes in government regulation, technology changes, and human resources, integrity of data, statutory compliance and continuous disclosure obligations.

8. Board Committees

8.1 The Board, where appropriate, may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner.

8.2 The Board will establish an Audit Committee to assist the Board in the discharge of its responsibilities.

9. Conflicts & Confidentiality

9.1 A Director must inform the Board if he or she has a conflict or potential conflict of interest in relation to any particular item of business to be considered by the Board and otherwise comply with its obligations at law.

9.2 Unless otherwise decided by the Board, the Director should be absent from discussion and decision on that matter.

9.3 The Directors acknowledge that all proceedings of the Board are strictly confidential and that (without limitation) a Director who breaches this confidentiality will be expected to resign from the Board.

10. Governance Policies

10.1 The Board may from time to time adopt a code of conduct and other corporate governance policies to guide TC and promote high ethical and professional standards throughout TC Group.

10.2 As at date of this Charter, the Board has adopted TC Code of Conduct.

