



BOARD CHARTER

The Board of Directors of Musgrave Minerals Limited (**Company**) recognises its overriding responsibility to act honestly, diligently, in good faith and in accordance with the law in guiding and monitoring the Company on behalf of Shareholders by whom they are elected and to whom they are accountable.

Responsibilities of the Board

The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders. In addition to the matters it is expressly required by law to approve, the responsibilities of the Board include:

- (a) nomination and appointment of Directors, assessment of board performance, executive and Director succession planning and Director remuneration;
- (b) appointment, evaluation, rewarding and if necessary the removal of the Managing Director, and other senior executives including the Company Secretary and the determination of their terms and conditions including remuneration and termination;
- (c) establishing appropriate levels of delegation to the Managing Director to allow him/her to manage the business efficiently;
- (d) in conjunction with management, development of corporate objectives, strategy and operational plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- (e) management of capital, including share issues and declaration of dividends;
- (f) monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company;
- (g) monitoring the performance of senior management including the implementation of strategy, and ensuring appropriate resources are available;
- (h) ensuring that the entity has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- (i) overseeing the integrity of the entity's accounting and corporate reporting system, including the external audit;
- (j) satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;

- (k) overseeing the management of safety, occupational health and environmental matters;
- (l) satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- (m) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct and company policy; and
- (n) reporting to Shareholders.

Materiality Threshold

The Board has agreed on the following guidelines for assessing the materiality of matters:

(a) Materiality – Quantitative

Balance sheet items

Balance sheet items are material if they have a value of more than 10% of pro-forma net assets.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

(b) Materiality – Qualitative

Items are also material if:

- (i) they impact on the reputation of the Company;
- (ii) they involve a breach of legislation or may potentially breach legislation;
- (iii) they are outside the ordinary course of business;
- (iv) they could affect the Company's rights to its assets;
- (v) if accumulated they would trigger the quantitative tests;
- (vi) they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or
- (vii) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

(c) Material Contracts

Contracts will be considered material if:

- (i) they are outside the ordinary course of business;
- (ii) they contain exceptionally onerous provisions in the opinion of the Board;

- (iii) they impact on income or distribution in excess of the quantitative tests;
- (iv) any default, should it occur, may trigger any of the quantitative or qualitative tests;
- (v) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- (vi) they contain or trigger change of control provisions;
- (vii) they are between or for the benefit of related parties; or
- (viii) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("Materiality Threshold")

Board Composition

Board composition is to be reviewed regularly to ensure an appropriate and diverse mix of skills and expertise across its membership to ensure the Board fulfils its responsibilities as well as assisting the Company in achieving its objectives and delivering value to Shareholders.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. In accordance with the Constitution of the Company, Directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every 3 years.

When a new member is to be appointed to the Board, consideration is given to seeking a candidate that has relevant experience, time availability to devote to the position of Director and appropriate skills and expertise that will increase or enhance board diversity and effectiveness. Following such an appointment that Director will stand for re-election by Shareholders at the next annual general meeting.

Board Committees

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it may consider the use of committees. To this end the Board may establish the following committees:

- (a) Audit Committee;
- (b) Nomination Committee; and
- (c) Remuneration Committee.

Members of Committees are appointed by the Board. The Board may appoint, remove or replace members of Committees by resolution.

The minutes of each Committee meeting shall be provided to the Board at the next meeting of the Board following the approval of the Committee meeting minutes.

Where the Board does not consider any benefit, enhancement or efficiency will be gained from establishing a particular separate committee, the full Board will carry out the duties that would ordinarily be assigned to that committee under the terms of reference for that committee.

Role of the Chairman

Where practical the position of Chairman should be held by an independent Non-executive Director and the roles of Chairman and CEO should not be combined.

The Chairman is responsible for leadership of the Board, ensuring its effective operation including the facilitation of effective contribution of all Directors, setting the agenda and conducting the Board and Shareholder meetings.

Board and Management

The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director. In carrying out their responsibilities the Managing Director must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is likely to fall within the Materiality Threshold. The Managing Director is accountable to the Board for all authority delegated to the position.

The Board ensures that the Managing Director and the senior management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and other senior executives.

Senior management is responsible for supporting the Managing Director and assisting the Managing Director in the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board.

Senior management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chairman.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- (a) Board approval and monitoring of a strategic plan;
- (b) approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- (c) procedures are in place to incorporate presentations to each Board meeting by financial, exploration and operations management.

In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Company to facilitate the carrying out of their duties as a Director of the Company.

External Advice

Each Director has the right to seek independent professional advice on matters considered necessary at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld. A copy of any such advice received is made available to all members of the Board.

Directors Interests

Directors must disclose their interests. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.

Directors are expected to bring their independent views and judgement to the Board and must immediately declare to the Board any potential or active conflict of interest.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved Directors will, unless the remaining Directors resolve otherwise, withdraw from deliberations concerning the matter.

Company Secretary

The decision to appoint or remove a Company Secretary is made and approved by the Board.

The Company Secretary is responsible for:

- (a) advising the board and its committees on governance matters;
- (b) monitoring that Board and Committee policy and procedures are followed;
- (c) coordinating timely completion and despatch of Board and Committee papers;
- (d) ensuring the business at Board and Committee meetings is accurately captured in the minutes; and
- (e) assisting with the organisation and facilitation of induction and professional development of Directors.

Each Director is able to communicate directly with the Company Secretary and vice versa.

This policy is reviewed **annually**.