



## **BOARD CHARTER**

## 1. PURPOSE

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Corazon Mining Limited (Corazon) is committed to implementing and maintaining the highest standards of corporate governance. In determining what those standards should involve, Corazon has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (the ASX Guidelines).

This charter sets out the role and responsibilities of the Board of Corazon ( Board) within the governance structure of Corazon and its related bodies corporate (as defined in the Corporations Act) (the Group).

The conduct of the Board is governed by the Constitution of Corazon, the Corporations Act, the Listing Rules of the Australian Securities Exchange (ASX) and common law. In broad terms, the Board is accountable to the shareholders of Corazon and must ensure that Corazon is properly managed to protect and enhance its shareholders' wealth and other interests. This charter is only a summary of the matters reserved to the Board and should therefore only be used as a general guide.

## 2. SIZE & COMPOSITION

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The Directors determine the size and composition of the Board, subject to the limits set out in the Constitution. The Constitution of Corazon provides for a minimum of three directors. It is intended as the Company grows that a majority of the Board or at least two members shall be independent directors. Membership of the Board shall be disclosed in the annual report, including whether a director is independent or not independent. Loss or gain of independence shall be disclosed to the ASX.

The guidelines for assessing the independence of Corazon's directors (Directors) are set out in Attachment 1.

## 3. ROLE OF THE BOARD

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The Board is responsible for promoting the success of the Group in a way which ensures that the interests of shareholders and stakeholders are promoted and protected. The role of the Board is to represent the shareholders and to promote and protect the interests of the Group. To achieve this, the Directors will exercise all the powers of Corazon, except any powers that the Corporations Act or Corazon's Constitution requires the shareholders to exercise in general meeting.

Directors are required to exercise their powers and discharge their duties in good faith, and in the best interests of Corazon and for a proper purpose. The interests of associates, individual shareholders, other companies, or personal interests of the director or the director's family must not be allowed to prevail over those of Corazon's shareholders generally. Executive Directors must always be alert to the potential for conflict of interest between management interests and their fiduciary duties as directors.

The Board may delegate some powers and functions to the Managing Director or Executive Directors for the day-to-day management of the Group. Powers and functions not delegated remain with the Board.

The following are regarded as the key responsibilities and functions of the Board:

- develop, review and monitor the Group's long-term business strategies, approve significant corporate strategic initiatives, review and monitor strategic risks and provide strategic direction to Corazon's management team (Management);
- review and approve business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- ensure policies and procedures are in place to safeguard the Group's assets and business and to enable the Group to act ethically and prudently;
- develop and promote a system of corporate governance which ensures the Group is properly managed and controlled;
- ensure that the Group has in place an appropriate risk management framework and set the risk appetite within which the Board expects Management to operate;
- review and approve the Group's financial statements;
- consider and approve reports and notices to shareholders;
- monitor Management's performance and the Group's financial results on a regular basis;
- oversee and monitor organisational performance and the achievement of strategic goals and objectives, the progress of major capital expenditures and other corporate projects including acquisitions, mergers and divestments;
- appoint, ratify, appraise and determine the remuneration and benefits of the Managing Director;
- delegate powers to the Managing Director as necessary to enable the day-to-day business of the Group to be carried on, and to regularly review those delegations;
- ensure that the Group has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- determine the appropriate capital management for the Group including share and loan capital and dividend payments;
- determine and regularly review an appropriate remuneration policy for employees;
- determine dividend policy and determine the amount, timing and nature of any dividends to be paid;
- approve major capital expenditure, acquisitions and divestments;
- assess the independence of individual non-executive directors;
- monitor dealings in securities and declarations of interest by Directors;
- periodically evaluate the performance of the Board;
- monitor compliance with the Group's Code of Conduct;
- consider and review the social and ethical impact of the Group's activities and where appropriate, set standards for social and ethical practices that will enhance and protect the Company's reputation;
- approve appointments to the Boards of entities which are controlled by the Group or in which the Group has an equity interest;
- overseeing the Group's process for making timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to

- have a material effect on the price or value of Corazon's securities; and
- Appointment of the Chairman.

## 4. ROLE OF THE CHAIRMAN

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The Chairman, where practicable, shall be an independent Director.

The role of Chairman and Managing Director shall not be exercised by the same individual.

There is a clear division of responsibility at the head of Corazon. The division of responsibilities between the Chairman and the Managing Director should be agreed by the Board.

The Chairman must be able to commit the time to discharge the role effectively.

The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings.

The Chairman should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.

In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting.

## 5. TERMS OF OFFICE

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All directors (except the Managing Director) are required by the Constitution of Corazon to submit themselves for re-election at least every three years.

Before a director is nominated for re-election at a shareholders' meeting, the Chairman shall consult with the rest of the Board and review the director's performance before the Board endorses his or her re-nomination.

The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have developed, over time, an increasing insight into Corazon and its operations. Consequently, although there is no maximum term for non-executive directors, where a non-executive director has served for more than ten (10) years, the length of his or her service will be a relevant factor in assessing his or her continuing independence and contribution to the Board.

Non-executive directors are asked to provide the Board with details of other commitments and an indication of time involved. The Board will regularly review the time required of a non-executive director and make an assessment as to whether the directors are able to meet their commitment to Corazon.

## 6. SELECTION OF NEW DIRECTORS

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Subject to the Constitution of Corazon, the Board shall decide on the recommendations of new directors.

In selecting new members for the Board, directors shall have regard to the appropriate range of qualifications and expertise needed by the Board as a whole. The directors shall endeavor to appoint individuals who will provide a mix of director characteristics and diverse experiences, perspectives and skills appropriate for Corazon.

New directors are provided with a letter of appointment which sets out the key terms and conditions of their appointment.

## 7. DELEGATION TO COMMITTEES

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To assist the Board in fulfilling its duties, the Board may establish committees (the Committees), each with written terms of reference.

At this time the Board does not consider it appropriate to establish any committees. The Board considers that due to the relative small size of the Company that the interests of the Company are best served by the full Board completing the functions normally delegated to committees. This will be reviewed as the Company grows in size.

The Board may also delegate specific functions to ad hoc committees on an 'as needs' basis. The powers delegated to these ad hoc committees will be set out in Board resolutions.

## 8. COMPANY SECRETARY

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When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committees and between senior executives and non-executive Directors.

The Company Secretary is to support the effectiveness of the Board by ensuring that Board policies and procedures are followed, and coordinating the timely completion and dispatch of Board agenda, Board papers and other briefing material.

The Company Secretary will do the following:

- facilitate the induction of new Directors and coordinate the professional development of Directors;
- provide advice to the Board on corporate governance matters;
- facilitate the implementation of Board policies and procedures;
- ensure that Corazon complies with all applicable laws and regulations, including applicable listing rule disclosure requirements; and
- ensure that the business at Board and Committee meetings is accurately captured in the minutes.

The Company Secretary should be accountable to the Board, through the Chairman, on all governance matters.

All Directors have access to the advice and services provided by the Company Secretary. The Board has the responsibility for the appointment and removal of the Company Secretary.

## 9. BOARD PROCESS

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The Board will meet regularly.

Directors will use all reasonable endeavors to attend Board meetings in person.

Corazon's constitution governs the regulation of Board meetings and proceedings.

## 10. ACCESS TO INFORMATION AND ADVICE

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All Directors have access to company records and information in order to discharge their responsibilities effectively, except where the Board determines that such access would be adverse to Corazon's interests.

All Directors may consult management and employees as reasonably required with prior notification to the Managing Director, as a matter of courtesy, to enable them to discharge their duties as Directors.

Senior executives supply the Board with information in a form and timeframe, and of a quality that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

The Board, Committees or individual Directors may seek independent external professional advice as considered necessary for them to discharge their responsibilities as directors at the expense of Corazon, subject to prior consultation with the Chairman. A copy of any such advice received will be made available to all members of the Board.

## 11. DIRECTORS' SHAREHOLDING

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All directors have agreed to disclose publicly their shareholdings and all changes thereof as required by the ASX Listing Rules. The disclosed interests in shares held by directors, their associates and their associated entities are the same as their economic interest.

Directors are subject to the Group's securities trading policy which provides that Corazon securities may generally not be bought or sold without notification and approval of the Chairman.

## 12. BOARD'S RELATIONSHIP WITH MANAGEMENT

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The Board shall delegate responsibility for the day-to-day operations and administration of the Group to the Managing Director.

The Managing Director is responsible for:

- the effective leadership of Corazon;
- the preparation and implementation of development and operational plans to achieve the strategic, operational and financial objectives of Corazon as determined by the Board;
- the management of the day to day affairs of Corazon including its people, processes, policies and systems;
- the conduct of commercial negotiations with other entities;
- the development and maintenance of effective relationships with Corazon 's employees, shareholders, joint venture partners, governments at all levels and government agencies, suppliers and customers, and local landowners;
- reporting to the Board, or as directed by the Board, and providing prompt and full information regarding the conduct of the business of Corazon; and
- ensuring all material matters that affect Corazon are brought to the Board's attention. Senior executives, including the Managing Director and the Chief Financial Officer, should have a formal job description and employment contracts or letters of appointment describing their term of office, duties, rights and responsibilities, and entitlements on termination.

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

## 13. PERFORMANCE REVIEW

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Once a year, the Board shall hold a meeting to review critically and discuss the performance of:

- the Board as a whole;
- its Committees (if established); and
- individual Directors.

If it is apparent that there are problems which cannot be satisfactorily considered by the Board itself, the Board may decide to engage an independent adviser to undertake this review.

The Board, will regularly review whether the Directors as a group have the skills, knowledge and familiarity with the Group and its operating environment required to fulfil their role on the Board and on Committees (if established) effectively and, where any gaps are identified, consider what training or development could be undertaken to fill those gaps.

## 14. INDUCTION

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The Company Secretary in conjunction with the Board has put in place induction procedures to allow new Directors to participate fully and actively in Board decision-making at the earliest opportunity. The induction program is available to enable new Directors to gain an understanding of:

- Corazon's financial, strategic, operational and risk management position;
- the culture and values of Corazon;
- the rights, duties and responsibilities of the Directors;
- the roles and responsibilities of senior executives;
- the role and procedures of the Board and its Committees;
- meeting arrangements; and
- director interaction with each other, senior management and other stakeholders.

Directors will be given access to continuing education to update and enhance their skills and knowledge. The Company Secretary, in conjunction with the Board, will organise appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

## 15. REVIEW OF CHARTER

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The Board will once per year, review this charter to ensure it remains consistent with the Board's objectives and responsibilities.

Approved by the Board: 29 June 2015  
Reviewed by the Board: 20 September 2016



# **ATTACHMENT 1:**

## **GUIDELINES OF THE BOARD OF DIRECTORS – INDEPENDENCE OF DIRECTORS**

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Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of directors.

In general, directors will be considered to be 'independent' if they are not members of management (a non-executive director) and they:

- are not material shareholders of Corazon, or officers of, or otherwise associated directly or indirectly with, material shareholders of the Company;
- have not within the last 3 years been employed in an executive capacity by Corazon or another group member;
- were not appointed as a director of Corazon within 3 years of ceasing to be employed in an executive capacity by the Company;
- except in connection with reorganisations within the Group, have not within the last 3 years been a principal or employee of a material professional adviser or a material consultant to Corazon or another group member;
- are not a material supplier to or customer of Corazon or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with Corazon or another group member, other than as a director of Corazon; and
- are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Corazon.

### **MATERIALITY THRESHOLDS**

The Board will consider thresholds of materiality for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of Corazon's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular director should be reviewed by the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could be

reasonably perceived to, materially interfere with the director's ability to act in the best interests of Corazon.