



RESOURCES LIMITED

XS Resources Limited

ACN 624 766 114

Board Charter

April 2017

1. Introduction

- 1.1 This charter sets out the authority, role and responsibilities composition, and operation of the board of directors of XS.
- 1.2 The conduct of the Board is governed by the Constitution of XS, ASX Listing Rules and Corporate Governance Principles and Recommendations (**ASX Corporate Governance Recommendations**), and applicable laws and regulations.
- 1.3 The Board's primary role is the governance of XS and to this end it has developed principles relating to:
- (a) the role of the Board and matters specifically reserved for Board decision-making;
 - (b) those authorities which may be delegated to Committees of the Board;
 - (c) the authorities of the MD or if one does not exist the CEO; and
 - (d) its own performance, operations, procedures and membership.
- 1.4 This charter outlines those principles.

2. Explanation of Terms

- 2.1 In this charter:

ASX means Australian Securities Exchange;

Board means the board of directors of XS Commodities Limited;

CFO means Chief Financial Officer (or equivalent);

Chairperson means the chair of the Board;

Charter means this Board Charter;

Company Secretary means the company secretary of XS;

Director means a director of XS Commodities Limited;

XS means XS Resources Limited;

Group means XS and its controlled entities;

MD means the Managing Director Chief Executive Officer (or equivalent); and

Senior Executive means the employees of the XS who manage XS pursuant to the directions and delegations of the Board.

3. Authority

- 3.1 XS's shareholders have elected the Directors and, through the Constitution, have authorised them to manage the business of XS and to exercise the powers conferred under the Constitution and applicable laws and regulations.

4. Membership

- 4.1 Membership of the Board is determined by the Board, together with the Nomination Committee, using the following principles:

- (a) a minimum of three directors and a maximum of ten directors;
- (b) appointed in accordance with the Constitution of XS, and any applicable laws and regulations; and
- (c) directors to bring characteristics which allow for a mix of qualifications, skills and experience.

- 4.2 Membership of the Board shall be disclosed in the annual report of XS including whether a director is independent or not independent. Loss or gain of independence shall be disclosed to the ASX as it occurs.

- 4.3 In accordance with the ASX Corporate Governance Recommendations, the Board considers that a director is independent if the director is free of any interest, relationship or association that may materially influence, or may reasonably be perceived to materially influence, the director's capacity to exercise their independent judgment on issues before the Board, and to act in the best interests of XS and its shareholders.

- 4.4 The Board considers a non-executive director to be an independent director if they are a director who is not a member of the senior executive of XS and who:

- (a) is not a substantial shareholder of XS or an officer of, or otherwise associated directly with, a substantial shareholder of XS;
- (b) has not within the last three years been employed in an executive capacity by XS or another group member, or been a director after ceasing to hold any such employment;
- (c) has not within the last three years been a principal of a material professional adviser or a material consultant to XS or another group member, or an employee materially associated with the service provided;
- (d) is not a material supplier or customer of XS or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has no material contractual relationship with XS or another group member other than as a director of XS; and
- (f) is free from any interest and any business or other relationship, which could reasonably be perceived to, materially interfere with the director's motivation to act in the best interest of XS.

5. Appointment, Election and Re-Election

- 5.1 The Nomination and Remuneration Committee sets and reviews the criteria for appointment of new directors.
- 5.2 Subject to the Constitution of XS, the Board shall decide on the recommendations of new directors made by the Nomination and Remuneration Committee.
- 5.3 In selecting new members for the Board, the Nomination and Remuneration Committee and directors shall have regard to the appropriate range of skills, experience and diversity needed by the Board as a whole. The directors shall endeavour to appoint persons who will provide a mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Group.
- 5.4 New directors are to be provided with a letter of appointment which sets out the key terms and conditions of their appointment.
- 5.5 The election and re-election of Directors is governed by the Constitution, the Corporations Act and the ASX Listing Rules.
- 5.6 All directors (except the MD) are required by the Constitution of XS to submit themselves for re-election at regular intervals and at least every three years.

6. Induction and Education

- 6.1 It is the policy of XS, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors is designed to enable them to gain an understanding of:
 - (a) the Groups' financial, strategic, operational and risk management position,
 - (b) the Group's culture and values;
 - (c) their rights duties and responsibilities;
 - (d) the role of the Board, Board committees and the senior executive;
 - (e) meeting arrangements; and
 - (f) director interaction with each other, senior executives and other stakeholders.
- 6.2 Directors are invited to participate in continuing education as arranged for them from time to time.

7. Role and Responsibilities of the Board

7.1 The role of the Board is to:

- (a) act in the best interests of XS;
- (b) represent and serve the interests of shareholders by guiding and monitoring XS's strategies, policies and performance;
- (c) set, review and monitor XS's values; and
- (d) keep shareholders informed of XS's performance and major developments which affect it.

7.2 To accomplish this role, the Board is responsible for:

- (a) approving the strategic direction, policies and budgets of XS;
- (b) selecting and appointing suitable Executive Directors with the appropriate skills to help the Company in the pursuit of its objectives;
- (c) selecting and appointing the CEO, CFO and Company Secretary;
- (d) ratifying the appointment of other members of the senior executive;
- (e) determining the remuneration policy for the Board members, CEO, CFO, Company Secretary and the senior executive;
- (f) making sure that the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives;
- (g) ensuring the appropriate engagement of external experts, consultants and contractors to meet its objectives as required;
- (h) overseeing management's performance and progress of the Company's strategic plan;
- (i) monitoring financial performance;
- (j) reviewing and approving financial reporting, capital structures and material contracts;
- (k) ensuring policies and procedures are in place to safeguard Group's assets and business and to enable the Group to act ethically and prudently;
- (l) ensuring that a sound system of risk management and internal controls are in place;
- (m) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- (n) satisfying itself, on a reasonable basis, that appropriate internal and external audit arrangements are in place and operating effectively;
- (o) encouraging a corporate culture that promotes ethical and responsible decision-making, compliance with legal responsibilities and transparency through effective and timely reporting;
- (p) periodic review of the Corporate Governance policies to ensure adherence to the ASX's Corporate Governance Principles and Recommendations;
- (q) ensuring that XS's obligations to shareholders are understood and met;

- (r) reviewing procedures and practices employed in relation to health, safety and the environment and to assess their adequacy the health, safety and well-being of employees;
- (s) ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of XS without the Board losing sight of the direction that XS is taking; and
- (t) acting to protect and enhance the reputation of XS.

8. Role and Responsibilities of the Chairperson

- 8.1 The role of the Chairperson is to provide leadership to the Board, including encouraging a culture of openness and debate to foster a high-performing and collegial team of Directors who operate effectively.
- 8.2 To discharge this role, the Chairman is responsible for:
 - (a) facilitating the relationship and communication between the Board and management through the MD or CEO;
 - (b) managing the efficient organisation and conduct of the Board's function and meetings;
 - (c) overseeing periodic and effective evaluations of the Board's performance;
 - (d) overseeing induction and continuing education programs for directors; and
 - (e) exercising such specific and express powers as delegated to the Chairperson by the Board from time to time.

9. Role and Responsibilities of the Senior Executive

- 9.1 The role of management is to manage and control the day-to-day operation of XS
- 9.2 To do so, management is responsible for:
 - (a) implementing the budgets and business plans approved by the Board;
 - (b) operating within the risk appetite approved by the Board; and
 - (c) providing the Board with timely, accurate and clear information to enable the Board to perform its responsibilities.

10. Delegations

- 10.1 The Board retains all rights and powers conferred upon it by the Constitution and by law which cannot be delegated.
- 10.2 The Board may delegate its powers as they consider appropriate. However, ultimate responsibility for strategy and controls rests with the Board.
- 10.3 The Board may from time to time establish Committees to assist it in carrying out its responsibilities. Current standing Committees established by the Board are:
- (a) Audit and Risk Committee; and
 - (b) Nomination and Remuneration Committee.
- 10.4 Each of these Committees has its own written Charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. All Charters of these Committees are reviewed regularly and are available on the Company's website.
- 10.5 The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis by resolution.

11. Powers Reserved to the Board

- 11.1 Matters which are specifically reserved for the Board or its Committees include the following:
- (a) appointment and removal of the Chairman of the Board;
 - (b) appointment and removal of the Managing Director;
 - (c) appointment of Directors to fill a vacancy or as additional Directors;
 - (d) establishment of Board Committees, their membership, charters and delegated authorities;
 - (e) approval of dividends and dividend policy;
 - (f) the issue of equity or equity-like instruments;
 - (g) review of corporate governance principles, policies and related public documents;
 - (h) approval of expenditure in excess of the monetary authority levels delegated to management;
 - (i) calling of meetings of shareholders;
 - (j) expansion of the Company's activities into new geographic areas involving substantial sovereign risk or new, non-core and substantive businesses;
 - (k) the remuneration of non-executive Directors (subject to shareholder approved limits), the Managing Director and any Executive Director;
 - (l) disclosure of information to the market; and
 - (m) any other specific matters nominated by the Board from time to time.

12. Meetings

- 12.1 The Board is structured to facilitate the effective discharge of its duties and to add value through its deliberations.
- 12.2 The Board shall meet regularly with such frequency as is sufficient to appropriately discharge its responsibilities.

13. Access to Information and Advice

- 13.1 All Directors have access to XS employees, advisers and records. In carrying out their duties and responsibilities, Directors have access to advice and counsel from the Chairperson, the Company Secretary, and are able to seek independent professional advice at the Company's expense, after consultation with the Chairperson.

14. Performance Evaluation

- 14.1 The Board, through the Nomination Committee, will review the performance of the Directors retiring by rotation and seeking re-election under the Constitution each year, the results of which will form the basis of the Board's recommendation to shareholders at the Annual General Meeting.

15. Review

- 15.1 The Board will periodically review this Charter to ensure its relevance and effectiveness.