

## BOARD CHARTER

May 2018

---

### 1. INTRODUCTION

This board charter (Board Charter) sets out the role and responsibilities of the Board of Constellation Resources Limited ("CR1" or "the Company") within the governance structure of CR1 and its related bodies corporate (as defined in the Corporations Act).

### 2. ROLE OF THE BOARD

- 2.1 The Board of Directors is responsible for guiding and monitoring Constellation Resources Limited on behalf of shareholders by whom they are elected and to whom they are accountable.
- 2.2 The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company.
- 2.3 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.
- 2.4 The specific responsibilities of the Board include:
- (a) appointment, evaluation, rewarding and if necessary the removal of the Managing Director, and Chief Financial Officer (or equivalent), Non-Executive Director, Officers and senior management personnel;
  - (b) in conjunction with members of the senior management team, to develop corporate objectives, strategies and operations plans and to approve and appropriately monitor plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities;
  - (c) establishing appropriate levels of delegation to the Executive Directors to allow them to manage the business efficiently;
  - (d) 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;
  - (e) monitoring the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available;
  - (f) identifying areas of significant business risk and to ensure that the Company is appropriately positioned to manage those risks;
  - (g) overseeing the management of safety, occupational health and environmental matters;

- (h) 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;
- (i) 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;
- (j) ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- (k) 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
- (l) reporting accurately to shareholders, on a timely basis.

2.5 Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it may make use of committees. The Board has not established any committees at this time. Until such time as the Board determines that it is appropriate to establish separate committees, the function of the:

- (a) Audit Committee,
- (b) Nomination Committee, and
- (c) Remuneration Committee,

as set out in this Charter will be performed by the Board.

2.6 Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

2.7 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.

2.8 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. The Board does not specify a maximum term for which a director may hold office.

2.9 The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director. The Board ensures that the Managing Director and the 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 executive directors.

2.10 The roles of Chairman and Managing Director are not combined. The Managing Director is accountable to the Board for all authority delegated to the position.

2.11 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 at each Board meeting by financial, operations, exploration and marketing management, as appropriate.

2.12 The Board has accepted the following definition of an Independent Director.

- (a) Subject to paragraph (b), an independent Director is a non-executive Director (i.e. is not a member of management) and:
  - (I) holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
  - (II) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
  - (III) within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
  - (IV) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
  - (V) has no material contractual relationship with the Company or another group member other than as a Director of the Company;
  - (VI) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
  - (VII) is free from any interest and any 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 the Company.
- (b) However the materiality thresholds referred to in paragraph (a) are also assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than just referring to a general materiality threshold. Accordingly a Director may still be considered independent if it is reasonable having regard to their personal circumstances.

This policy is reviewed **annually**.