

# Board Charter

December 2015



## Purpose

This Charter sets out the authority, responsibilities, membership and operation of the Board of Lion Energy Limited (“Lion” or the “Company”).

The Board is responsible for the governance of the Company and has developed principles relating to:

- the role of the Board and matters specifically reserved for Board decision-making;
- those authorities which may be delegated to Committees of the Board;
- the authorities of the Managing Director; and
- its own performance, operations, procedures and membership.

This Charter outlines those principles.

## Authority

The shareholders have elected the Directors and, through the Constitution, have authorised them to manage the business of the Company and to exercise the powers conferred under the Constitution of the Company.

In carrying out the responsibilities and powers set out in this Charter, the Board:

- (a) recognises its overriding responsibility to act honestly, ethically, fairly, diligently and in accordance with the law in serving the interests of its shareholders;
- (b) recognises its duties and responsibilities to its employees, relevant stakeholders and the community; and
- (c) maintains an environment that establishes these principles as basic guidelines at all times.

## Role and Responsibilities of the Board

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

- (a) appointment of the Chairman, Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- (b) assessing the performance of the Chief Executive Officer and other senior executives;
- (c) driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management’s performance;
- (d) reviewing and ratifying systems of risk management, accounting and internal compliance and control, codes of conduct and legal compliance;
- (e) approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- (f) approving and monitoring the business plan, budget and the adequacy and integrity of financial and other reporting;

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- (g) approving the annual and half yearly accounts and any other significant announcements;
- (h) approving significant changes to the organisational structure;
- (i) approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- (j) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- (k) recommending to shareholders the appointment and/or removal of the external auditor;
- (l) meeting with the external auditor, at their request, without management being present;
- (m) determining the size and composition of the board;
- (n) reporting to shareholders, stakeholders and the investment community on the performance of the company; and
- (o) approving the Company's remuneration framework.

## Composition of the Board

- (a) The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction;
- (b) In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company;
- (c) As Lion grows from its current size, it is recognised the majority of the Board, when practical, should be comprised of non-executive Directors. In addition, while at present Lion does not have any independent directors, with this forecast growth the Board recognises the importance to have independent directors in the future. An independent Director is one who is independent of management and free from any interest, position, association, business or other relationship, which could, or could reasonably be perceived to, materially interfere with his or her capacity to exercise independent judgement. Independent Directors should meet the definition of what constitutes independence as set out in the ASX Corporate Governance Council Principles.
- (d) Directors must disclose their material personal interests. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them;
- (e) Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest;

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- (f) Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence;
- (g) No member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders;
- (h) Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Nomination Committee (or the Board if there is not a Nomination Committee) to ensure that they continue to contribute effectively to the Board;
- (i) The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

## The role of the Chairman

- (a) At present, the Chairman is not an independent non-executive Director. The Board will however, as the Company develop, evaluate whether appointing a lead independent director is warranted;
- (b) Where practical, the Chief Executive Officer should not be the Chairman of the Company during his term as Chief Executive Officer or in the future;
- (c) The Chairman must be able to commit the time to discharge the role effectively;
- (d) 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;
- (e) The Chairman should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management;
- (f) In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting; and
- (g) The Chairman must initiate a review of the performance of the Board as a whole and all individual Directors on an annual basis.

## Board Committees

- (a) Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish the following committees, each with written terms of reference:
  - i. Audit and Risk Committee;
  - ii. Remuneration Committee; and
  - iii. Nomination Committee.
- (b) The charter of the Committees will be approved by the Board and reviewed following any applicable regulatory changes;

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- (c) The Board will ensure that the Committees are sufficiently structured and funded to enable them to fulfil their roles and discharge their responsibilities;
- (d) Members of Committees will be appointed by the Board. The Board may appoint additional Directors to Committees or remove and replace members of Committees by resolution;
- (e) The minutes of each Committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting;
- (f) Where the Board does not consider that the Company is of a sufficient size and structure or will gain any benefit from a particular separate committee, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee.

## Board Meetings

- (a) There must be two Directors present at a meeting to constitute a quorum;
- (b) The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required to discharge its duties effectively. The Company's Constitution governs the regulation of Board meetings and proceedings;
- (c) Non-executive Directors may confer at scheduled times without management being present;
- (d) The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors after each meeting;
- (e) The Company Secretary shall distribute supporting papers for each meeting of the Board as far in advance as practicable;
- (f) Minutes of meetings must be approved at the next Board meeting;
- (g) Further details regarding board meetings are set out in the Company's Constitution.

## The Company Secretary

- (a) The Company Secretary is accountable directly to the Board;
- (b) The Company Secretary will advise the Board and its committees on governance matters;
- (c) When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committee and between senior executives and non-executive Directors;
- (d) The Company Secretary is to facilitate the induction of new Directors;
- (e) The Company Secretary is to facilitate the implementation of Board policies and procedures;

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- (f) The Company Secretary coordinates, organises and attends Board and Shareholder meetings and ensures that correct procedures are followed and are accurately captured in minutes;
- (g) Each Director is able to communicate directly with the Company Secretary and vice versa;
- (h) The Company Secretary maintains corporate governance and compliance systems to ensure adherence to the Company's Constitution, the ASX Listing Rules and applicable other laws;
- (i) All Directors have access to the advice and services provided by the Company Secretary;
- (j) The Board has the responsibility for the appointment and removal of the Company Secretary.

## Access to Advice

- (a) All Directors have unrestricted access to employees, company records and information except where the Board determines that such access would be adverse to the Company's interests;
- (b) All Directors may consult management and employees as required to enable them to discharge their duties as Directors;
- (c) The Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation and approval of the Chairman. A copy of any such advice received is made available to all members of the Board.

## The Board's Relationship with Management

- (a) The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer;
- (b) 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.

## Performance Review

The Nomination Committee (or the Board if there is not a Nomination Committee) shall conduct an annual performance review of the Board that:

- (a) compares the performance of the Board with the requirements of its Charter;
- (b) critically reviews the mix of the Board;
- (c) suggests any amendments to the Charter as are deemed necessary or appropriate; and
- (d) primarily the review will be carried out through consultation by the Chairman with individual directors.

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## Disclosure Policy

The Board has ensured that the Company has in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company.