



**Metalicity Limited**

ACN 086 839 992

# **Board and Management Functions**

January 2016

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## **1. Introduction and Purpose**

### **1.1 Scope of Policy**

This Charter summarizes the roles and responsibilities of the Board and senior executives of Metalicity Limited (“the Company”).

It should be noted that the roles and responsibilities of the Board and senior executives will evolve as the Company moves forward. As such, a regular review of the balance of responsibilities is seen to be appropriate to ensure that the division of the functions remains appropriate to the needs of the Company.

This Charter is only a summary of the matters reserved to the Board and senior executives and should therefore only be used as a general guide only and is not to be used in a legal capacity.

### **1.2 Purpose of this policy**

The purpose of this policy is to disclosure of the roles and responsibilities of the Board and senior executives is designed to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and senior executives of the Company.

## **2. Role of the Board**

### **2.1 Objectives of the Board**

The key objectives are to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company’s Shareholders and to ensure the Company is properly managed.

### **2.2 Responsibility of the Board**

The Board is collectively responsible for promoting the success of the Company by Determining the strategic direction of the Company and supervising the Company’s framework of control and accountability systems to enable risk to be assessed and managed which includes but is not limited to:

- a) ensuring the Company is properly managed for example by appointing and removing the Managing Director of the Company;
- b) ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer;

- c) input into the final approval of management's development of corporate strategy and performance objectives;
- d) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance,
- e) establishing goals for management and monitoring the achievement of these goals and implementation of strategy, and ensuring appropriate resources are available;
- f) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments;
- g) approval of the annual budget, monitoring the financial performance of the Company and approving and monitoring financial and other reporting;
- h) overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- i) ensuring Board membership is suited to company requirements;
- j) liaising with the Company's external auditors and audit committee; and
- k) reporting to Shareholders.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

The Board may from time to time, delegate some of its responsibilities listed above to its senior management team (except for paragraphs (a), (b), (f) (g) and (k) and where any matter exceeds the Materiality Threshold as defined below).

### **3. Materiality Threshold**

The Board has agreed on the following guidelines for assessing the materiality of matters of quantitative, qualitative and contracts.

#### **3.1 Materiality – Quantitative**

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

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

### 3.2 Materiality – Qualitative.

Items are also material if:

- they impact on the reputation of the Company;
- they involve a breach of legislation;
- they are outside the ordinary course of business;
- they could affect the Company's rights to its assets;
- they accumulated they would trigger the quantitative tests;
- they involve a contingent liability that would have a probably effect 10% or more on balance sheet or profit and loss items; or
- 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%.

### 3.3 Material Contracts

Contracts will be considered material if:

- they are outside the ordinary course of business;
- they contain exceptionally onerous provisions in the opinion of the Board;
- they impact on income or distribution in excess of the quantitative tests;
- there is a likelihood that either party will default and the default may trigger any of the quantitative tests;
- 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 as trigger any of the quantitative tests;
- they contain or trigger change of control provisions;
- they are between or for the benefit of related parties; or
- they otherwise trigger the quantitative tests.

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

**4. The Chairman**

The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all Directors in relation to issues arising at Board meetings. The Chairman is also responsible for Shareholder communication and arranging Board performance evaluation.

**5. Independent Directors**

The independent Directors, along with all Directors, are responsible for reviewing and, where appropriate, challenging or supporting executive performance. They are also responsible for contributing to the development of strategy.

**6. The Managing Director**

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his/her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

**7. Role and Responsibilities of Management**

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

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 or the lead independent Director, as appropriate.

**8. Review**

The Board of Metalicity will review this policy annually to ensure that it continues to comply with all applicable laws and appropriate corporate governance practices.

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