

4.2 – Guidelines Covering Board Operation

1 Introduction

- 1.1 The Board has the overall responsibility for the corporate governance of Metalicity Limited and its controlled entities (“the Company”), including its strategic direction, the review of the plans established by management and the monitoring of performance against those plans.
- 1.2 The Board conducts annual reviews of the internal guidelines relating to corporate governance, Board membership and operation and committee structures and monitors adherence to these guidelines by the Board, its committees and management. This process ensures that Board procedures are continually reviewed and high standards of Board performance are maintained.

2 Committees of the Board

- 2.1 To assist in the execution of its corporate governance responsibilities, the Board has established the following committee:
- audit and risk committee.
- 2.2 The following committees were not established, their functions will be performed by the Board, as and when necessary. The need for requirements for these committees will be reviewed annually based on the size, composition and structure of the Board and management.
- nomination committee;
 - remuneration committee; and
 - non executive Directors committee.
- 2.3 Where the Company is carrying out matters associated with public capital raisings, the Board will appoint a due diligence committee to oversee the process and the issue of any disclosure documents.

3 General principles concerning management

- 3.1 The Board should not itself manage the business and affairs of the Company, as this is delegated to the Managing Director. However, the Board must put in place procedures and structures that enable it to discharge its role of bearing ultimate responsibility.

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- 3.2 The Board must set the framework within which the Company operates and, to an appropriate degree, oversee and supervise its operations.
- 3.3 As well as having the ultimate responsibility for the operations of the Company and the interests of its Shareholders, the Board must be aware of and have due respect to the obligations of the Company and its subsidiaries to other stakeholders, either as a matter of general law or as a result of particular regulations relating to particular aspects of the business. In addition, certain specific statutory obligations are imposed on Directors under the ASX listing Rules and Corporations Act.
- 3.4 The Board must:
- (a) be satisfied with management’s plans for carrying on the Company’s business;
 - (b) place limits on the extent to which management can commit resources or dispose of assets or raise funds without specific approval;
 - (c) ensure that it is kept well informed of developments and events which might significantly affect the business;
 - (d) monitor and review the performance of the Managing Director;
 - (e) supervise and review the performance of the Company Secretary; and
 - (f) be aware of any significant risks to the Company and its finances and overview management’s approach to mitigation of such risks.
- 3.5 The formal delegation of management authority is to the Managing Director, and he will be the prime source of information to the Board. Directors have the right to seek information from the Managing Director and Company Secretary. Further, the Directors have the right of access to all information about the Company and its business and affairs, including from the Compliance Manager (if any), bankers, external accountants and independent auditor, in appropriate ways and at appropriate times.

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3.6 The Board is the body to which management is answerable. Subject to the oversight of the Board, it is for the Managing Director, acting within his delegated authority, to determine how the management of the Company is conducted.

4 Matters requiring Board action

4.1 The following matters require Board action and are not within the authority delegated to the Managing Director. There are other matters which by law or under the Constitution also must be dealt with by the Board.

- (a) Appointment and remuneration of, and delegation of authority to, the Managing Director and general approval of policies relating to sub-delegation.
- (b) Appointment of the Company Secretary.
- (c) All matters relating to the issue of securities of the Company.
- (d) Appointment and remuneration of members of the Board.
- (e) Adoption of annual business plans and budgets and approval of longer term strategic plans for the Company.
- (f) Capital expenditure as per the Company's Capital Expenditure Policy
- (g) Disposal of any capital item for a sum in excess of \$10,000.
- (h) External borrowings and commitments to liabilities in excess of \$10,000.
- (i) Guarantees or indemnities of third parties.
- (j) Initiation of litigation.
- (k) Approval of all Directors' Reports and Financial Statements for release to Shareholders and the ASX.

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- (l) Approval of the Annual Report and Half Yearly Report and any other significant report or release to the ASX or Shareholders. Any media releases which relate to price sensitive information require approval by the Chairman who will liaise with the Board as necessary.
- (m) Declaration of dividends.
- (n) Approval of the term of appointment and remuneration of the Managing Director, Company Secretary or any other officer of the Company.
- (o) Oversight and review of:
 - audit and compliance functions and their performance; and
 - control and corporate governance functions and their performance.
- (p) Oversight and review of the Company’s risk management framework.
- (q) Oversight and review of the Company’s core business and investment strategy and performance.
- (r) Approving any political donations.

5 Board proceedings

- 5.1 The Board will meet at appropriate intervals each year and additionally when and as often as required to enable it to fulfill its responsibilities.
- 5.2 The overall management of business of Board meetings is the responsibility of the Chairman in consultation with the Managing Director and Company Secretary.
- 5.3 The Chairman is responsible for ensuring that at each meeting the business of the meeting is properly dealt with and the Directors have the opportunity to carry out their own responsibilities.
- 5.4 Both Non-Executive Directors and the Executive Directors have the same rights and responsibilities in their capacities as Directors, and the Board must act as a whole when it is acting as a Board. However, the Board’s responsibility to make judgments

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- about the performance of management necessarily gives rise to a potential for conflict of interest. To that extent there is a difference between the roles of the Non-Executive Directors and Executive Director.
- 5.5 Where necessary to enable them to carry out their particular role in this regard, the Non-Executive Directors should meet separately from the Executive Directors. Any such meeting is not a meeting of the Board and cannot make decisions. The substance of the discussion at any such meeting at which the Executive Directors are not present should be reported to the Chairman.
- 5.6 The Executive Directors will at each meeting report to the Board upon all matters and raise for discussion all issues of which, in carrying out their roles, the Directors should be aware and on which they should be entitled to express a view. As well the Directors should be made aware of matters which are likely to come into public arena and of matters concern which may adversely or favorably affect the business or the Company.
- 5.7 The business of the Board over the year should include:
- (a) Consideration and approval of annual budgets, and forward strategic plans for the Company;
 - (b) Receiving and considering management accounts and reports (typically monthly) from the Managing Director and Company Secretary on the Company's financial performance; and
- 5.8 Regularly reviewing and discussing with the Managing Director the performance of the Company.
- 5.9 In their interaction at Board meetings and elsewhere, Directors must recognise that it is not their role to direct the day to day management of the business. However, management must recognise that the Directors have the right to information they seek and that they have the right to receive answers to the questions they ask.
- 5.10 The Managing Director is responsible for informing the Board of any matter which has come to his attention and of which other Directors should, but may not otherwise, be aware.

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