

Board Charter

1. INTRODUCTION

- 1.1** This Charter sets out the role, responsibilities and powers of the Board of Directors (“Board”) of Australian Zircon NL (“Company” or “AZC”).
- 1.2** In carrying out the responsibilities and powers set out in this Charter, the Board will at all times recognise its overriding responsibility to act honestly, diligently and in accordance with the law in the best interests of the Company’s shareholders and having regard to the interests of its other stakeholders, including its employees.

2. PURPOSE AND ROLE

2.1 The Board is responsible for:

- (a) strategic matters comprising:
 - (i) setting broad strategic direction for the Company;
 - (ii) approving the objectives, goals and strategic plan proposed by management with a view to maximising shareholder value;
 - (iii) approving major capital expenditure, capital management and acquisitions; and
- (b) delegation and supervision matters comprising:
 - (i) appointing, remunerating and terminating the services of the Managing Director ;
 - (ii) monitoring and assessing the performance of the Managing Director ;
 - (iii) ensuring the Managing Director has an adequate management succession plan;
 - (iv) ensuring appropriate resources are available to senior executives; and
- (c) risk matters comprising:
 - (i) approving and maintaining appropriate risk management and internal control systems to identify, assess, monitor and manage the Company’s business risks on an ongoing basis; and
- (d) corporate governance matters comprising:
 - (i) developing corporate governance principles, codes and charters which should apply to the Company, including the Corporate Governance Statement;
 - (ii) approving appropriate Company policies, procedures and codes of behaviour as required to maintain a culture of integrity and a strong framework of corporate governance;
 - (iii) establishing and reporting on diversity objectives for the Company;
 - (iv) overseeing the Company’s processes for disclosure and communications;
 - (v) providing a non-executive contact point via direct email for employees, shareholders or other stakeholders to submit for investigation any serious complaint against the Company or its representatives which is not considered appropriate for management to address; and
- (e) nomination matters comprising:
 - (i) ensuring appropriate Board succession plans are in place;
 - (ii) identifying and assessing the necessary and desirable competencies of Board members;
 - (iii) assessing the appropriate mix of skills, experience, expertise and diversity required by the Board;
 - (iv) where necessary, having regard to the skills, experience, expertise and diversity required and the skills experience, expertise and diversity represented, implementing a process to identify suitable candidates for appointment to the Board;
 - (v) ensuring there are appropriate due diligence and confidentiality procedures in place for presentations to, and for adoption by, candidates considered for appointment to the Board;

- (vi) establishing procedures for the re-election of retiring Directors, having regard to the Company's tenure policy and the mix of skills, experience, expertise and diversity required by the Board.
- (f) remuneration matters comprising:
 - (i) develop, review and recommend to the Board a process for the evaluation of the performance of the Managing Director and the other executives.
 - (ii) Deal with remuneration-related matters as follows:
 - (a) review and advise the Board on remuneration matters and compensation programs appropriate for the Company; and
 - (b) prepare for approval by the Board any report on executive or Director remuneration required by any listing rule, legislation, governing body or other regulatory requirement, or proposed for inclusion in the Company's Annual Report.
 - (iii) to review and recommend to the Board for approval goals and objectives relevant to the compensation of the Managing Director, evaluate his or her performance in light of those goals and objectives and recommend to the Board his or her compensation;
 - (iv) to review and approve the recommendations from the Managing Director on the levels of remuneration for executives;
 - (v) to review and recommend to the Board for approval the remuneration of non-executive Directors, including appropriate fees for Board Committee membership;
 - (vi) to approve any statement on the Company's remuneration policy and executive compensation disclosures required by any listing rule, legislation, governing body or other regulatory requirement, or proposed for inclusion in the Company's Annual Report; and
 - (vii) to review its performance annually to ensure it is operating effectively.

2.2 In performing the responsibilities set out above, the Board should act at all times:

- (a) in a manner designed to create and build sustainable value for shareholders; and
- (b) in accordance with the duties and obligations imposed on it by the law and the Company's Constitution.

3. POWERS

In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) approval of transactions, expenditure or other matters in excess of discretions delegated to management from time to time;
- (b) approval of the following:
 - (i) the Company's strategic business plan and budget;
 - (ii) significant changes in organisation structure;
 - (iii) the acquisition, establishment, disposal or cessation of any significant business;
 - (iv) the issue of any securities or equity instruments;
 - (v) the appointment and terms of service of the Company Secretary and Chief Financial Officer;
 - (vi) any public statements which reflect significant issues of Company policy or strategy;
 - (vii) any changes to discretions delegated from the Board; and
- (c) approving and monitoring financial and other reporting.

4. COMPOSITION

4.1 The Board shall comprise a majority of independent Directors. Independence will be assessed in accordance with Section 5 below.

4.2 The Board shall appoint a chairperson who is an independent Director of the Company.

4.3 The Board's composition shall at all times reflect the appropriate mix of skills, experience, expertise, and diversity, as determined by the Board.

5. INDEPENDENCE

5.1 A Director shall be regarded as independent if that Director is a non-executive Director and:

- (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) if previously employed in an executive capacity by the Company or another group member, there has been a period of at least three years between ceasing such employment and serving on the Board, or if that condition has not been met, that after serving at least three years on the Board as a non-executive Director, the Board considers that the Director has consistently exhibited independent judgement and at all times acted in the best interests of shareholders;
- (c) 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;
- (d) 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;
- (e) has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- (f) has not served on a Board for a period which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act in the best interests of the Company; and
- (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act in the best interests of the Company or create a conflict of interest.

5.2 The Board regularly assesses the independence of all non-executive Directors.

6. BOARD COMMITTEES

6.1 The Board may from time to time establish Committees to assist it in carrying out its responsibilities and shall adopt Charters setting out matters relevant to the Committees' composition, duties, responsibilities and other relevant matters.

6.2 At a minimum, the Board shall establish the following committees:

- (a) Audit Committee.

7. REVIEW

7.1 The Board is responsible for establishing procedures for an annual evaluation of the Board as a whole, its Committees and individual Directors.

7.2 The Board shall review its Charter annually to ensure that it is operating effectively.

8. PROCEDURES

8.1 In accordance with the Company's Constitution, a quorum for a Board meeting shall be any three Directors.

8.2 Board meetings will be held at least 8 times per year.

8.3 Draft minutes of each Board meeting are to be prepared and forwarded to the Chairman as soon as possible after the meeting, and after any amendments by the Chairman, to the remaining Directors. Directors should advise their approval or any requested amendments to the Company Secretary so that the approved minutes may be entered into the minute book and signed by the Chairman at the next meeting of the board.

8.4 The Role of the Board and Management

The Board of the Company is responsible for the overall corporate governance of AZC, including its ethical behaviour, strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising Company performance and maximizing shareholder value.

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.

AZC has obligations to its stakeholders to ensure the company is managed with appropriate due diligence and that all necessary processes are implemented to minimise risk and maximise business opportunities.

To this end, a formal Limits of Authority policy and procedure is regularly updated to ensure that all commercial arrangements, capital expenditure, operational expenditure and other commitments are appropriately documented and that the relevant management levels within AZC, (including the AZC Board) have full transparency of, and have authorised all material transactions or commitments.

8.5 The Role of the Company Secretary

The Board will appoint at least one Company Secretary.

The Company Secretary is accountable to the Board on all matters to do with the proper functioning of the Board.

The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.

All Directors will have direct access to the Company Secretary.