

LIGHTNING MINERALS LTD
ACN 656 005 122
("Company")
BOARD CHARTER

1. PURPOSE

1.1 This document sets out the following matters:

- (a) the roles and responsibilities of the Board of the Company; and
- (b) the roles and responsibilities of the Senior Management of the Company; and
- (c) the manner of operation of the Board as a whole.

1.2 In the compilation of this Charter, the Company has where possible followed the recommendations of the *ASX Corporate Governance Principles and Recommendations, 4th Edition* (2019).

2. DEFINITIONS

In this Charter:

Board means the Board of the Company.

CEO means the Chief Executive Officer.

CFO means the Chief Financial Officer.

Chairman means the chairman of the Board.

Charter means this Board Charter.

Director means a director of the Company.

MD means the Managing Director of the Company.

Secretary means the secretary of the Company.

Senior Management means employees of the Company who manage the Company pursuant to the directions and delegations of the Board.

3. COMPOSITION OF THE BOARD

3.1 It is the objective of the Company to establish and maintain a Board with a broad representation of skills, experience and expertise.

- 3.2 To assist in achieving the objective stated above, the Board will at all times consist of:
- (a) executive and non-executive directors; and
 - (b) a minimum of three (3) directors.
- 3.3 The members of the Board will be listed in the Annual Report of the Company.
- 3.4 In accordance with the ASX Corporate Governance Principles and Recommendations, the Board considers that a director to be independent if the director is free of any interest, relationship or association that may materially influence, or may reasonably be perceived to materially influence, the director's capacity to exercise their independent judgment on issues before the Board, and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other parties. Therefore, the Board considers a non-executive director to be an independent director if they are a director who is not a member of Senior Management and who:
- (a) is not a substantial shareholder of the Company, or an officer of, or otherwise directly associated with a substantial shareholder of the Company;
 - (b) has not been employed by the Company or a child entity of the Company or held the position of Director within the preceding three (3) years;
 - (c) does not receive performance-based remuneration (including options or performance rights) from, or does not participate in an employee incentive scheme of the entity;
 - (d) is not a material supplier, professional advisor, consultant or customer of the Company or a child entity of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer of the Company within the preceding three (3) years;
 - (e) is not, does not represent and has not been within the last three years an officer or employee of, or professional advisor to, a substantial holder;
 - (f) is not a party to a material contractual relationship with the Company or a child entity of the Company other than as a Director of the Company;
 - (g) has not served on the Board for a period of time which may materially compromise that Director's independence from management and substantial holders;
 - (h) has no close personal ties (such as family, friendship or other social or business relationships) with any person who falls within any of the categories described in clauses 3.4(a) to 3.4(g) above; and

- (i) is free from any conflict of interest which may materially interfere with that Director's motivation to act in the best interest of the Company.
- (j) The Board shall review the independence of each non-executive director on an annual basis, having regard to the indicia set out in clause 3.4 above.
- (k) The Board shall also evaluate the independence of specific candidates for nomination. A candidate for election as a director of the Company should disclose to the Company all interests, positions and relationships that may bear on their independence. Those matters in turn should be disclosed to security holders in the materials given to security holders in support of their election.

3.5 If a Director ceases, or may have ceased to be independent, the Director shall advise the Board immediately, and, if the Board finds that a Director is no longer independent, the Board shall immediately announce this to the market.

3.6 The Board shall state whether a non-executive Director is independent or not, and the reasons for such opinion, in the Company's annual report.

4. APPOINTMENT

4.1 Directors are appointed in accordance with the Constitution of the Company. The Board will review and assess the suitability of new Directors against fixed criteria, which include overall skills, experience and background, professional skills, potential conflicts of interest, ability to exercise independent judgment and whether such director can be considered to be independent.

4.2 The Board will set out the terms and conditions of the appointment of a Director in a formal letter of appointment or Director's Service Agreement.

4.3 New Directors of the Company will be provided with a copy of the Constitution of the Company and all relevant policies of the Board.

4.4 New Directors will be fully briefed with respect to the strategic direction of the Company and provided induction training, tailored to their existing skills, knowledge and experience, to position them to discharge their responsibilities effectively and to add value. Such training may include training on their key legal duties and responsibilities as a Director, key accounting matters and/or responsibilities of Directors in relation to the Company's financial statements.

4.5 Directors will be offered regular opportunity for professional development.

4.6 The Company shall undertake appropriate checks before appointing a Director or putting forward to security holders a candidate for election as a Director of the

Company. If the Company wishes to put forward a candidate for election by security holders before the results of a check has been provided, the Company must ensure that the candidate gives an unequivocal undertaking to resign from the Board should the Company receive an outstanding check that it considers is not satisfactory.

- 4.7 The Company will provide security holders of the Company with all material information in the Company's possession which is relevant to a decision on whether to elect or re-elect a Director.
- 4.8 The Board will set out the terms and conditions of the appointment of a Senior Manager in an employment contract with the Senior Manager.

5. RESPONSIBILITIES OF THE BOARD

- 5.1 The Board is ultimately responsible for the overall management, strategic objectives and corporate governance of the Company.
- 5.2 The Board has the authority to make decisions and give directions in relation to:
 - (a) the development, implementation and alteration of the strategic direction of the Company, including future expansion of the Company's business activities;
 - (b) risk management, assessment and monitoring for both financial and non-financial risks;
 - (c) ensuring appropriate external reporting to shareholders, ASX, ASIC and other stakeholders, including compliance with the Company's continuous disclosure obligations;
 - (d) encouraging ethical behaviour, including compliance with the Company's governing laws and procedures and compliance with corporate governance standards; and
 - (e) establishing targets and goals for Senior Management to achieve and monitoring the performance of Senior Management.
- 5.3 The Board will make available the required financial and human resources to Senior Management to achieve the targets and goals set by the Board.
- 5.4 The Board has responsibility for the following specific matters:
 - (a) the appointment, and where appropriate, the removal of the:
 - (i) CEO/MD;

- (ii) CFO;
- (iii) Executive Directors;
- (iv) Company Secretary; and
- (v) Senior Management

of the Company;

- (b) oversight of and final approval in relation to all matters delegated to Senior Management;
- (c) determining and amending when appropriate, the powers and functions of the Risk and Audit Committee;
- (d) ensuring the Code of Conduct, the Communication and Disclosure Policy, the Securities Trading Policy, the Diversity Policy, the Risk Management Policy, Nomination and Remuneration Policy, Whistleblowing Policy and Anti-Bribery and Corruption Policy are operative and being complied with;
- (e) regularly reviewing and, if necessary amending the Code of Conduct, the Communication and Disclosure Policy, the Securities Trading Policy, the Diversity Policy, the Risk Management Policy, Nomination and Remuneration Policy, Whistleblowing Policy and Anti-Bribery and Corruption Policy to ensure the policies meet the standards of corporate governance the Board is committed to;
- (f) reviewing and oversight of compliance with ASX Listing Rules, financial reporting obligations, including periodic and continuous disclosure, legal compliance and related corporate governance matters;
- (g) approving and monitoring major capital expenditure, capital management, acquisitions and divestitures and material contracts;
- (h) approving and monitoring major Company financing matters including incurring material debt obligations;
- (i) monitoring and reviewing the financial performance of the Company;
- (j) monitoring and reviewing the operational performance of the Company;
- (k) proposing and recommending to shareholders any changes in the capital structure of the Company;

- (l) satisfying itself that the Company has an appropriate risk management framework for both financial and non-financial risks, and setting the risk appetite within which the Board expects Senior Management to operate;
 - (m) satisfying itself that an appropriate framework exists for relevant information to be reported by Senior Management to the Board and, if required, challenging Senior Management; and
 - (n) satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite.
- 5.5 The Board may, in its absolute discretion, delegate any matter listed above in 5.4(a) to 5.4(n) to Senior Management to ensure the efficient day-to-day operation of the Company.

6. ALLOCATION OF RESPONSIBILITIES

- 6.1 The **Chairman** should not be the CEO/MD and has the following responsibilities:
- (a) the organisation and efficient conduct of the business of the Board at Board meetings and on all other occasions;
 - (b) ensuring all Directors are adequately informed about Board matters in a timely fashion to facilitate rigorous and accurate decision making in all business of the Board;
 - (c) guiding the meetings to facilitate open discussion and managing the conduct of, and frequency and length of such meetings, in order to provide the Board with an opportunity to arrive at a detailed understanding of the Company's performance, financial position, operations and challenges;
 - (d) liaising with the Secretary concerning matters of corporate governance and conveying all information to the Board;
 - (e) encouraging engagement and compliance by Board members with their duties as Directors; and
 - (f) exercising such specific powers as are delegated to the Chairman by the Board from time to time.
- 6.2 The **CEO/MD/Senior Management** of the Company has the following responsibilities:
- (a) managing the Company in accordance with the directions and delegations of the Board;

- (b) reporting to the Board in a timely fashion all matters concerning the operations of the Company and the Company's employees, including compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the Company;
- (c) coordinating the roles and responsibilities of the management and employees of the Company to achieve the goals set by the Board;
- (d) carrying out the day-to-day management of the Company;
- (e) in consultation with the Company's management and employees, establishing and implementing management policies and procedures to:
 - (i) achieve the financial and operational goals set by the Board;
 - (ii) build and maintain employee satisfaction and well-being;
 - (iii) build and maintain a staff identity and allegiance to the Company;
 - (iv) instil and reinforce the Company's values; and
 - (v) ensure a safe workplace for all employees.

6.3 The **Company Secretary** has the following responsibilities:

- (a) the adoption and implementation of corporate governance practices;
- (b) the coordination of the Board and its Committees;
- (c) monitoring of the policies and procedures of the Board;
- (d) advising the Board, through the Chairman, of the corporate governance policies of the Company;
- (e) ensuring that each director has access to the Company Secretary as required;
- (f) the accurate reporting of the Business of the Board including the timely despatch of Board agendas and briefing papers and the accurate recording and timely despatch of the minutes of the Board;
- (g) ensuring compliance with ASX Listing Rules, the Corporations Act and Corporations Regulations where applicable to the Board and the Company;
- (h) in particular, in conjunction with the Chairman, determining whether information conveyed to the Company Secretary should be disclosed to the ASX; and

- (i) liaising with the ASX in respect of Company announcements.

7. BOARD MEETINGS

- 7.1 The Board will meet no fewer than six (6) times each financial year and may meet as often as required to fulfil their duties.
- 7.2 Board papers are to be provided to all proposed attendees of Board meetings no fewer than two (2) days before the Board meetings.
- 7.3 Minutes of Board meetings are to be provided to Directors no later than 14 days following a Board meeting.
- 7.4 At the commencement of each meeting, Board members will be invited to disclose conflicts of interest. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged. Where members are deemed to have a real or perceived conflict of interest, they will be excused from discussion on the issue where a conflict exists.

8. BOARD COMMITTEES AND CORPORATE GOVERNANCE

- 8.1 To assist in the execution of its duties, the Board has established an Audit and Risk Committee.
- 8.2 The Board has adopted a charter for the Audit and Risk Committee setting out matters concerning its composition and responsibilities.
- 8.3 In addition to this Charter the Board has also adopted the following policy documents in the interest of best practice in corporate governance and to guide and assist the Company in the pursuit of its values and the achievement of its goals:
 - (a) Code of Conduct;
 - (b) Securities Trading Policy;
 - (c) Communication and Disclosure Policy;
 - (d) Risk Management Policy;
 - (e) Audit and Risk Committee Charter;
 - (f) Nomination and Remuneration Policy;
 - (g) Diversity Policy;
 - (h) Anti-Bribery and Corruption Policy; and

(i) Whistleblowing Policy.

- 8.4 The Board will review the policies and the Committee structure twice a year to ensure that considering the size of the Company and composition of the Board, the Board Committees are the most cost-effective and beneficial corporate structure for the Company which reflect the values of the Company and guide the conduct of the Board consistently with those goals.
- 8.5 The Board may also establish ad-hoc special purpose committees for time to time, with terms of reference approved by the Board.

9. INDEPENDENT PROFESSIONAL ADVICE

- 9.1 The Board collectively, and the Directors independently, are entitled to seek independent professional advice at the Company's expense to assist in their carrying out the functions and responsibilities as set out in this Charter or as regulated by applicable legislation, regulation or common law.
- 9.2 The Chairman must approve the engagement of professional advisors acting in the best interests of the Company. If the Chairman refuses approval of the engagement of professional advisors, the matter may be referred to the Board.

10. APPOINTMENT OF EXTERNAL AUDITOR

- 10.1 The Board shall be entitled to appoint and remove where necessary the external auditor, provided that the Audit and Risk Committee shall be responsible for providing a recommendation to the Board in regards to such appointment and removal.

11. PERFORMANCE EVALUATION

- 11.1 The Board shall develop and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors, and disclose, in relation to each reporting period, whether a performance evaluation was undertaken during that reporting period.
- 11.2 The Board shall monitor and evaluate the performance of the CEO/MD and Senior Executives in achieving the strategies and budgets set by the Board, and, where appropriate, may seek advice from the Remuneration Committee.
- 11.3 The Board shall approve non-executive director remuneration, Senior Executive and CEO/MD remuneration and any incentive or employee equity plans.

12. CORPORATE GOVERNANCE

- 12.1 The Board shall encourage ethical behaviour and compliance with the Company's policies and procedures, including the Company's Securities Trading Policy,

Communication and Disclosure Policy, Code of Conduct, Whistleblowing Policy and Anti-Bribery and Corruption Policy.

- 12.2 The Board shall periodically review the Company's compliance with corporate governance standards.

13. DIVERSITY

- 13.1 The Board shall approve the Company's Diversity Policy and annual measurable objectives to encourage diversity (including, but not limited to, gender diversity) across the Company.

- 13.2 The Board shall annually review the Company's progress in achieving the measurable objectives set out in the Company's Diversity Policy.

14. DIRECTOR'S CODE OF CONDUCT

A Director's Code of Conduct has been developed for the Directors of the Company. In undertaking the responsibilities described in this Charter, the Board shall endeavour to create further value for shareholders, and in accordance with the obligations imposed upon it by law and with the Company's Constitution.

15. CHARTER REVIEW

Any changes to the Charter require approval of the Board. The Board will review the effectiveness of the Charter as required.