

## BOARD CHARTER

### 1. PURPOSE OF BOARD CHARTER

This Board Charter (**Board Charter**) sets out the principles for the operation of the board of directors (**Board**) of Galaxy Resources Limited and its subsidiaries worldwide (**Galaxy** or **Company**) and to describe the functions of the Board and those functions which are delegated by the Board to the senior management of Galaxy.

The Board acknowledges its responsibility to always:

- a) act ethically, honestly and in accordance with this Board Charter;
- b) act in compliance with the law and the highest standards of corporate governance; and
- c) best serve the interests of the Company's shareholders and its employees, customers, suppliers and the local communities in the jurisdictions in which Galaxy has its operations.

### 2. PRIMARY ROLE OF THE BOARD

The Board is responsible for:

- a) overseeing the companies comprising Galaxy;
- b) providing input into, and final approval of, Galaxy's strategic direction and performance objectives;
- c) directing, monitoring and assessing Galaxy's performance against appropriate strategic and business plans;
- d) approving Galaxy's annual budgets;
- e) reporting to shareholders and other stakeholders on the performance of Galaxy; and
- f) approving and monitoring the progress of capital management, major capital expenditure, acquisitions and divestments and assuming major liabilities.

The Board is also responsible for ensuring that Galaxy is properly managed in accordance with the ASX Corporate Governance Council Principles and Recommendations (**ASX Principles**).

### 3. DUTIES OF THE BOARD

In addition to matters which the law requires to have Board approval, the following are the specific powers which are reserved to the Board, to be exercised in a manner which creates, and continues to build, sustainable value for shareholders and in accordance with the law:

- a) monitoring corporate culture and setting the tone from the top including approving the Company's core values;
- b) reviewing and ratifying Galaxy's systems of internal compliance and control, risk management and legal compliance and ensuring the integrity and effectiveness of those systems;
- c) setting the Company's risk appetite;
- d) approving and monitoring financial and other reporting, including reporting to shareholders, ASX and other stakeholders;
- e) evaluating, at least annually, the performance of the Board, its committees and individual directors;
- f) evaluating from time to time the performance of, and determining the remuneration of, the Managing Director;
- g) appointing and removing the Managing Director, Company Secretary and Chief Financial Officer;
- h) ratifying senior management appointments;
- i) monitoring senior management performance and their implementation of strategy and the Company's core values;
- j) ensuring appropriate resources and professional advisory resources are available to senior management;
- k) ensuring that remuneration and conditions of service or engagement are appropriate to attract and retain senior management; and
- l) establishing and monitoring succession planning for the Board and for senior management.

#### **4. COMPOSITION OF THE BOARD**

The ASX Listing Rules and the Constitution governs appointment and removal of Directors.

There is no maximum fixed term and no compulsory retirement age for non-executive Directors.

The Board, together with the Remuneration and Nomination Committee, determines the size and composition of the Board, subject to the terms of the Company's Constitution.

The Board should be structured so that independent non-executive Directors are not in the minority on the Board, and that the Chairman is independent. An independent Chairman plays a crucial role in ensuring that the Board works effectively and in accordance with best practice as set out in the ASX Principles.

Appointments to the Board must be based on merit against objective criteria that serve to maintain an appropriate balance of skills and experience on the Board. Appropriate checks to ensure that any proposed Director's character, experience and education is appropriate for the position that will be undertaken.

The Board, together with the Remuneration and Nomination Committee, will review the skills, experience, expertise and diversity represented by Directors on the Board and determine whether the composition and mix remain appropriate for the Company's strategy.

Each Board member will have a written letter of appointment or executive contract setting out the terms of their appointment.

The Remuneration and Nomination Committee recommends appointments to the Board. The most frequently used nomination criteria are the ability to exercise sound business judgement, a position of leadership or prominence in a specified field, absence of personal conflict of interest, willingness to devote the required time, freedom from scheduling conflicts allowing attendance at Board or Committee meetings, appropriate experience at Board level, geographic spread having regard to Galaxy's operations, and maintaining a majority of Directors who are independent within the meaning of the ASX Principles. The Remuneration and Nomination Committee will ensure that a new Director being appointed to the Board will receive an appropriate induction.

#### **5. INDEPENDENCE OF DIRECTORS**

Without limiting the Board's discretion, the Board has determined that it will apply the independence guidelines in the ASX Principles as amended from time to time in considering the independence of Directors.

The Board regularly reviews the independence of each non-executive Director in light of information relevant to this assessment as disclosed by each non-executive Director to the Board.

#### **6. BOARD MEETINGS**

The Board shall meet at sufficiently regular intervals to properly discharge its duties by methods permitted by law and the Constitution.

Each year at least one Board meeting should be held in conjunction with a visit to one of the Company's operations to assist the Directors in their review of the business of Galaxy.

Directors may seek independent professional advice at the expense of Galaxy with the Chairman's consent and assistance from the Company Secretary, on any matter connected with the discharge of their responsibilities. A copy of the advice will be made available to all Directors at the next Board meeting.

#### **7. BOARD COMMITTEES**

The Board will establish committees to assist it in discharging its responsibilities. The Board approves the terms of reference for each committee which set out matters concerning composition, responsibilities and administration of each committee and other matters considered appropriate by the Board.

The Board has established the Audit and Risk Committee, the Remuneration and Nomination Committee and the Health, Safety, Environment and Community Committee.

Each Committee is comprised of non-executive Directors with the necessary skills and experience. All Directors who are not members have a standing invitation to attend committee meetings. The chairman of each committee reports to the Board on meeting proceedings following each meeting.

#### **8. CHAIRMAN**

The Chairman is elected by the Directors for the period decided by the Directors.

The Chairman should be an independent non-executive Director.

The Chairman and Managing Director will not be the same person.

The Chairman is responsible for leadership of the Board, for ensuring that the Board functions effectively and for communicating the views of the Board (including through the Managing Director) to shareholders and the public. In performing this role, the Chairman's responsibilities include:

- a) setting the agenda for matters to be considered by the Board;
- b) managing the conduct, frequency and length of Board meetings to ensure that the Board meetings provide an in-depth understanding of the Company's performance and the opportunities and challenges facing Galaxy;
- c) facilitating open and constructive communications between Board members and encouraging their contribution to Board deliberations;
- d) ensuring principles of best practice in corporate governance are aspired to and adhered to by the Board leading by example;
- e) acting as an independent sounding board to the Managing Director, advising the Managing Director on likely Board reactions to issues and proposals, keeping Directors informally advised as necessary on such matters, convening special Board meetings as required and optimising the working relationship between the Chairman, the Managing Director and the other Directors; and
- f) initiating a review of the performance of the Board, all individual Directors and any committees of the Board at least annually.

## **9. MANAGING DIRECTOR**

The Managing Director is selected by the Board and is subject to annual performance reviews by the non-executive Directors.

The Managing Director is responsible for managing the Company, reporting to the Board, recommending policy and strategy to the Board for approval, managing day to day operations of the Company and engaging appropriate resources for the Company in its operations.

The Managing Director is accountable to the Board for the authority delegated to him and the performance of Galaxy.

## **10. COMPANY SECRETARY**

The Company Secretary is accountable to the Board, through the Chairman, on all governance matters.

## **11. DELEGATION OF AUTHORITY**

Except for the specific powers reserved to the Board outlined above, the Board has delegated to the Managing Director day to day management of Galaxy and all authority to achieve Galaxy's strategic, financial and business objectives in accordance with best practice corporate governance.

The Managing Director is responsible for:

- a) developing business plans, budgets and strategies for Galaxy for consideration by the Board and to the extent approved by the Board, for implementing these plans, budgets and strategies;
- b) operating the Company's businesses within the parameters set by the Board from time to time, and keeping the Board informed of material developments in the Company's businesses;
- c) where a proposed transaction, commitment or arrangement exceeds the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- d) identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, developing strategies for managing these risks for consideration by the Board;
- e) managing the Company's financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- f) ensuring that the Board is provided with sufficient information on a timely basis regarding the Company's performance, financial condition, operating results and prospects, to enable the Board to fulfil its governance responsibilities, implementing the policies, processes and codes of conduct approved by the Board;
- g) implementing policies, processes and procedures for the management and development of the Company's employees; and
- h) reviewing the performance of senior executives by conducting a performance evaluation against the senior executive's responsibilities as outlined in his or her contract with the Company and against KPI's set for the senior executive by the Managing Director or the Board.

## **12. PERFORMANCE OF DIRECTORS**

The performance of the Board, committees of the Board and individual Directors is evaluated by the Chairman each year. Directors whose performance is judged to be unsatisfactory, or whose skill set and ability to add value to the Board no longer match the needs of the Company, may be asked to retire. The method and scope of the performance evaluation will be set by the Chairman.

## **13. POLICIES**

The Board endorses and must comply with Galaxy's policies including the Share Trading Policy and the Continuous Disclosure Policy.

Approved by Galaxy Resources Limited Board

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