

BOARD CHARTER

The Board of Directors of GTI Resources Ltd (Company) is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable. The overriding distinction between the role of the Board and the interaction with management is seen as “management formulates, the Board ratifies; management implements and the Board monitors”.

The Board has the following overall responsibilities:

- establishing the direction and strategies for the Company and monitoring the implementation of those strategies; and
- monitoring compliance with regulatory requirements and setting the tone for ethical behaviour and standards.

Due to the level and nature of the Company’s present activities, there is no appointed Managing Director or executive management. Geological and corporate management is outsourced to external consultants, with overall management of the Company monitored by the Board. A Managing Director will be appointed for the Company when the level of activities and circumstances warrant.

The monitoring and ultimate control of the business of the Company is vested in the Board. The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director (when appointed). The Board’s primary responsibility is to oversee the Company’s business activities and management for the benefit of shareholders. The specific responsibilities of the Board include:

- appointment, evaluation, rewarding and if necessary the removal of the Managing Director;
- establishing appropriate levels of delegation to the Managing Director to allow him or her to manage the Company’s operations effectively;
- development of corporate objectives and strategy and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- monitoring actual performance against planned performance expectations;
- appreciation of areas of significant business risk and ensuring arrangements are in place to adequately manage those risks;
- overseeing the management of safety and occupational health, environmental issues and community development;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the relevant period;
- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- to ensure that appropriate external audit arrangements are in place and operating effectively;
- reviewing and monitoring the Company’s compliance with its corporate policies and protocols consistent with the ASX Corporate Governance Council best practice governance principles;
- appointment and removal of the Company Secretary;
- determine whether the composition, remuneration and conditions of service for senior executives are appropriate;
- establish and monitor succession planning;
- appointment, review and removal of directors;

- having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
- reporting to shareholders.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter and must abstain from voting on the motion relating to the matter..

In accordance with the constitution of the Company, directors (other than any Managing Director) must offer themselves for re-election by shareholders at least every 3 years. The Board does not specify a maximum term for which a director may hold office.

Board committees

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of committees. To this end the Board has established an Audit Committee.

The charter of each Board committee setting out the matters detailing its composition and responsibilities are separate documents which are approved by the Board.

The Board retains responsibility for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director (when appointed) having ultimate responsibility to the Board for the risk management and control framework. Given the current limited size of the Company's operations, the directors believe that there are no additional efficiencies or benefits in forming a separate risk committee of the Board.

Board composition and independence

Where possible, the Board should comprise a majority of independent non-executive directors. The Board assesses the independence of each director in light of interests disclosed by them and the relationships which may affect independent status. An independent director is a non-executive director (i.e. is not a member of management) and who:

- is not a substantial shareholder of the Company;
- within the last 3 years has not been employed in an executive capacity by the Company;
- within the last 3 years has not been a material professional adviser or consultant to the Company;
- is not a material supplier or customer of the Company;
- has no material contractual relationship with the Company other than as a director of the Company;
- has close family ties with any person who falls within any of the categories described above.

Consideration is given to the length of service of a director although an extended tenure by itself is not considered to compromise a director's independence.

Financial materiality thresholds used in the assessment of independence (both from the perspective of the Company and the director) are as follows:

- payments made by the Company to the director or any of his associated entities for the provision of goods and/or services does not exceed 10% of the annual gross expenditure of the Company; or
- payments received by the director for the provision of goods and/or services to the Company does not exceed 25% of the annual income or business turnover of the director or his associated entities.

Independent advice

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Appointment, review and removal of directors

The role of the Board on matters relating to the appointment of directors includes:

- (a) identifying and nominating candidates for directorship;
- (b) establishing criteria for Board membership, including desired qualifications, skills, experience and competencies;
- (c) reviewing current and anticipated Board membership requirements, including:
 - establishing and overseeing processes for the review of the performance of individual directors and the Board as a whole:
 - from time to time, assessing the extent to which the required skills are represented on the Board and the necessary and desirable competencies of Board members; and
 - from time to time, assessing the time commitments of non-executive directors and whether candidates (having regard to other commitments) can meet these commitments, and
- (d) consideration of the results of the performance assessment of individual directors and determining its endorsement of the directors to stand for re-election at the next annual general meeting.

The roles of Chairman and Managing Director (when appointed) are not combined. The Managing Director will be accountable to the Board for all authority delegated to the position.

COMPANY SECRETARY

The Board is responsible for the appointment and removal of the Company Secretary. The Company Secretary is responsible to the Board, through the Chairman, on matters relating to the proper functioning of the Board. The Company Secretary also has a direct reporting line to the Managing Director on executive management matters.

DIVISION OF AUTHORITY – CHAIRMAN AND MANAGING DIRECTOR

The Company recognises that it is important that the Chairman and the Managing Director have distinct defined roles with clear functional lines. The division of responsibilities between the Chairman and the Managing Director is determined by the Board from time to time.

Functions delegated to 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's responsibilities include to:

- chair Board meetings;
- establish the agenda for Board meetings, in consultation with the Managing Director and Company Secretary;
- chair meetings of shareholders, including the annual general meeting of the Company;
- be the primary spokesperson for the Company at the annual general meeting;
- be the primary channel of communication and point of contact between the Board and the Managing Director;
- ensure the annual process of Board evaluation is conducted.

Functions delegated to Managing Director

The following functions have been delegated by the Board to the Managing Director (when appointed) and senior executives:

- formulating and reviewing, with the Board, the strategy for the Company and developing actions and plans to implement the strategy. Reporting to the Board on progress against those plans.
- appointing a management team and negotiating terms and conditions of employment and where appropriate, obtaining approval from the Remuneration Committee (when established). Considering succession, providing strong leadership to the management team, ensuring employees are properly instructed to achieve a safe workplace and ensuring compliance with laws and Company policies and that a high level of ethical behaviour is expected.
- reporting to the Board on various matters, including all matters requiring review or approval, significant changes to the risk profile, certification (with the Chief Financial Officer) to the Board on the fairness of the financial statements and that the certification is founded on a sound system of risk management and internal control, reporting on the performance of the Company's activities and briefing of directors on the Company and its business environment.
- acting within delegated authority levels for capital expenditure, sale of assets, appointment and termination of executives.
- all other matters necessary for the day-to-day management of the Company and not reserved for the Board.

BOARD NOMINATION PROCEDURES

A separate nomination committee has not been established. The Board retains responsibility for regularly reviewing the composition and membership of the Board, based on a preferred mix of skills, knowledge, experience and capabilities which will enable the Board to meet both the current and future requirements of the Company. When a Board vacancy exists, the Board is also responsible for initiating the selection process for potential directors. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance.

When a Board vacancy occurs, whether due to retirement of a director or growth or complexity of the Company, the Board will identify the particular skills, experience and expertise that will best complement Board effectiveness and then undertake a process to identify candidates who can meet those criteria. Certain procedures are followed, including the following:

- determine the skills and experience appropriate for the appointee having regard to those of the existing directors and any other likely changes to the Board.
- agree the process and timetable for identifying such a person, which may involve an external recruitment firm.
- a short list of candidates to be prepared after assessing the candidates on the following basis:
 - competencies and qualifications;
 - independence;
 - other directorships;
 - time availability;
 - contribution to the overall balance of the composition of the Board; and
 - depth of understanding of the role of and legal obligations of a director.

Terms and conditions of the appointment, including the level of remuneration, are discussed with the nominees.

A background check will be undertaken on any proposed director prior to any invitation being made for appointment as a director of the Company.

If an invitation to become a director is accepted, the Board will appoint the new director during the year and that person will then stand for re-election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on any directors standing for re-election at a general meeting of the Company, including relevant qualifications and experience.

Written agreements are entered into with each director which sets out their terms of appointment.

When appointed to the Board, all new directors receive an induction appropriate to their experience, to familiarise them with matters relating to the Company's operations, strategy and current issues. Directors are also encouraged to undertake professional development programmes to develop and maintain the skills and knowledge needed to perform their role as directors of the Company.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re-election every three years.