



## **PYX RESOURCES LTD BOARD CHARTER**

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### **1 INTRODUCTION**

The board of directors is accountable to the shareholders for the performance of PYX Resources Limited (formerly South Pacific Resources Limited).

The board undertakes to serve the interests of the shareholders and other stakeholders honestly, fairly, diligently and in accordance with applicable laws.

### **2 ROLE OF THE BOARD**

The board's responsibilities include the following:

- Setting strategic direction of the company, establishment of goals for management and monitoring the achievement of these goals,
- Appointing the Chair,
- Appointment and removal of the Managing Director including determination of conditions of service and monitoring of performance,
- Ratification of the appointment and, if appropriate removal of, the Chief Financial Officer (or equivalent), the Company Secretary and / or other senior executives (if any),
- Approving the entity's remuneration framework,
- Overseeing management's implementation of the entity's strategic objectives and its performance generally,
- Overseeing the integrity of the entity's accounting and corporate reporting systems, including the external audit,
- Approval and monitoring of progress of operating budgets, major capital expenditure, capital management and acquisitions,
- Setting and reviewing systems of risk management and internal compliance and control, codes of conduct and legal compliance including ensuring compliance with continuous disclosure requirements.

The board delegates to the Managing Director (or equivalent) the responsibility for managing the day to day operations of the overseas interests of the company. The Managing Director is also

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responsible for providing the board with accurate, timely and clear information to enable the board to perform its responsibilities.

### **3 BOARD SIZE AND COMPOSITION**

The board determines the size and composition of the board subject to the company's constitution. The constitution provides for a minimum of three Directors and a maximum of nine. At present time the board has determined that the number of Directors should be four, three of which are non-executive.

### **4 SELECTION OF NEW DIRECTORS**

Candidates for Board positions shall be nominated by the Remuneration and Nomination Committee for consideration by the Board however the whole Board shall decide on the recommendations of new directors made by the Committee.

In selecting new members for the Board, regard shall be had to the appropriate skills and characteristics needed by the Board as a whole. The Board shall endeavour to appoint individuals who would provide the mix of director characteristics, diverse experiences and background, perspectives and skills appropriate for PYX Resources Limited.

New directors are provided with a letter of appointment which sets out the key terms and conditions of their appointment. New directors will participate in an induction programme to enable them to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities; and
- the role of Board Committees.

The Company Secretary will undertake appropriate checks before a person is appointed as a Director, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

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### **5 ROLE OF CHAIR**

The chair's role consists of leading the board and general meetings of the company. They are responsible for ensuring the directors are well informed and effective; ensuring all directors are contributing effectively and all matters are properly considered and there is clear decision making.

The chair is responsible for ensuring meetings are conducted competently and ethically including ensuring that shareholders have adequate opportunity to express their views and obtain answers to any queries raised.

The chair is responsible for setting the agenda for board and general meetings and the review of the minutes of board and general meetings.

The chair's other responsibilities include:

- Representative of and spokesperson for the board,
- Ensure all new board members are well briefed and have access to all aspects of the Company's operations,
- Act as the board's representative in dealing with management.

### **6 BOARD MEETINGS**

The board meets formally at least three times per annum and whenever necessary to deal with other matters which may arise between scheduled meetings.

Other consultants may attend the meeting at the chair's request to present reports and advise on matters. However, discussion of management issues and other issues of a sensitive nature for which the board is responsible are conducted with only board members present.

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### 7 MATERIALITY

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Corporate Governance Principles and Recommendations and the Company's materiality thresholds.

The board has agreed on the following guidelines for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than US\$1m.
- Profit and loss items are material if they will have an impact on the current year operating result of US\$1m or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to
- its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of US\$1m or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

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### **8 INDEPENDENT ADVICE**

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

### **9 SENIOR EXECUTIVES**

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Chief Executive Officer or, if the matter concerns the Managing Director, directly to the Chair or other Director.