Board Charter

1 Overview

This Board Charter (the **Charter**) sets out the principles under which the Board of Directors (the **Board**) of TerraCom Limited ABN 35 143 533 537 (the **Company**) and its subsidiaries (the **Group**) will operate and describes the functions of the Board. It also prescribes the manner in which the Board may delegate its functions to management.

The Charter establishes the framework within which the Board governs the Group, oversees management and discharges its legal and regulatory responsibilities. It is intended to support effective decision-making, clear accountability, sound risk management and a culture of acting lawfully, ethically and responsibly.

The Board considers that this Charter will assist management and staff to effectively perform their duties and manage risk, and will facilitate the monitoring of performance and compliance by the Board against agreed benchmarks.

This Charter is to be read with the Constitution and applicable law and the ASX Listing Rules, which prevail to the extent of any inconsistency. The Board will approve the annual corporate governance statement and oversee accurate reporting of the Company's governance practices, including explanations of departures from applicable ASX recommendations.

2 Role of the Board

The Board's primary responsibility is to act in the best interests of the Company as a whole and to oversee the Group's activities with a view to sustainable long-term value creation. In doing so, the Board will have regard to the interests of shareholders and other relevant stakeholders. The Board will perform its role in accordance with applicable law, the Company's Constitution, this Charter, the Corporate Code of Conduct and other relevant policies.

3 Responsibilities of the Board

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices and goals for management of the Company, subject to the delegations set out in Section 4 of this Charter and the Delegated Authority Policy.

Without intending to limit this general role of the Board, the Board's specific functions and responsibilities include:

- determining the direction, strategies and financial objectives of the Company and monitoring the implementation of such strategies and objectives;
- monitoring the operational and financial position and performance of the Group, including solvency, liquidity, funding requirements and compliance with financing covenants, and overseeing the external audit relationship;
- reviewing the performance and monitoring the implementation of strategies and budgets by the Managing Director and other executive key management personnel (**KMP**)[1] and approving major corporate initiatives;

[1] Key management personnel (**KMP**) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executor or otherwise) of the Group and other designated senior executives.

- overseeing the Group's risk management framework and risk appetite, including its approach to material financial and non-financial risks; satisfying itself that management has appropriate systems to identify, assess, manage and monitor those risks; and reviewing the effectiveness of the framework at least annually;
- requiring management to promptly escalate material incidents, control weaknesses and breaches of approved risk limits, with accountable owners and deadlines for remedial action;
- ensuring that management of the Company has in place appropriate processes for risk management and internal control, codes of conduct, and legal compliance;
- appointing and, where appropriate, removing the Managing Director;
- ratifying the terms of appointment and, where appropriate, the removal of other executive KMP;
- approving succession plans for the Managing Director and other executive KMP, including emergency succession arrangements, and evaluating their performance annually against agreed financial and non-financial objectives;
- approving and reviewing management procedures to ensure compliance with its responsibilities under the *Corporations Act 2001* (Cth) (**Corporations Act**), the Constitution, ASX Listing Rules, Australian Accounting Standards and other relevant laws and ethical standards including responsibilities relating to occupational health and safety, the environment and cultural heritage;
- overseeing the Group's corporate governance and legal compliance frameworks, including the Corporate Code of Conduct, whistleblower arrangements and anti-bribery and corruption controls; receiving timely reports of material breaches or incidents under those frameworks; and monitoring whether appropriate remedial action is taken;
- ensuring appropriate resources are available for the Company in the pursuit of its objectives;
- approving the Company's budgets and business plans and monitoring the management of the Company's capital, including the progress of major capital expenditures, acquisitions and divestitures;
- approving, and reviewing the Company's internal compliance procedures, including any codes of conduct, and taking all reasonable steps to ensure that the business of the Company is conducted in an open and ethical manner, having regard to the compliance frameworks overseen under this Section;
- approving and monitoring financial and other material corporate reporting and disclosure, and overseeing processes designed to verify the integrity of any periodic corporate report that is not audited or reviewed by an external auditor;
- obtaining, before approving financial statements for a financial period, written assurances from the Managing Director and Chief Financial Officer about the financial records, compliance with accounting standards, true and fair presentation, and the effective operation of the supporting risk management and internal control systems;
- approving significant changes to the organisational structure of the Company, including significant acquisitions, divestitures or changes to the capital of the Company;

For the Company, KMP comprise the Managing Director (**MD**), the MD's direct executive management reports (collectively the **executive KMP**) and the non-executive directors of the Company.

- overseeing communications with shareholders and the market to support timely, balanced and accurate disclosure and effective participation by security holders;
- overseeing the Continuous Disclosure Policy, including delegated authority for urgent announcements and trading-halt requests, so that obtaining Board approval does not delay required disclosure to ASX;
- approving the Group's values and monitoring whether leadership conduct, incentives and workplace practices support those values and a culture of lawful, ethical and responsible behaviour;
- enhancing and protecting the brand and reputation of the Group;
- ensuring directors inform themselves of the Company's business and financial status; and
- reviewing, to the extent necessary, amending and approving the Board and Committee Charters.

In overseeing material risks, the Board will consider the Group's exposure to health and safety, environmental and rehabilitation liabilities, cultural heritage, climate change, human rights, cyber security and other emerging risks relevant to its operations. It will oversee the resources, controls and assurance needed for any applicable sustainability reporting obligations.

4 Delegation of Authority

The Board has delegated responsibility for the day-to-day management of the Group and its operations to the Managing Director, subject to the matters reserved to the Board and the limits set out in the Company's Delegated Authority Policy. The Managing Director may subdelegate authority to members of executive KMP in accordance with that policy. The Board will approve the delegations framework, monitor the exercise of delegated authority and review the framework at least annually to ensure that responsibilities, decision rights and escalation requirements remain clear and appropriate.

This delegation of authority includes responsibility for:

- developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- operating the Group's business and implementing all policies, processes and the code of conduct approved by the Board;
- where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- identifying and managing risks (and where those risks could have a material impact on the Group's business, formulating strategies for managing these risks for consideration by the Board);
- managing the Group's financial, operational and disclosure reporting systems so that they operate effectively and provide the Board, the Company Secretary and other relevant decision-makers with complete, accurate and timely information, including information that may require disclosure to the market;
- implementing the Group's internal controls, establishing procedures for monitoring these controls; and ensuring that these controls and procedures are appropriate and effective;
- taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding the Group's operations on a timely basis;
- keeping the Board informed of all material developments relating to the business;

- ensuring that the Board is made aware of all relevant matters relating to the Group's performance (including future performance), financial condition, operating results and prospects so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and

- drafting the agenda and submitting papers for matters to be considered at Board meetings.

5 Board Composition

Under the Company's Constitution, the minimum number of directors is three and the maximum number is ten. Each director is bound by all of the Company's charters, policies and codes of conduct, including without limitation, the Company's Securities Dealing Policy, Continuous Disclosure Policy and Corporate Code of Conduct.

6 Director Independence

6.1 The ASX Corporate Governance Principles and Recommendations provide the following recommendations on Board independence:

- a majority of the Board should be independent directors; and

- the Chair should be an independent non-executive director and should not also be the Managing Director.

6.2 In determining whether a director is independent, the Board will assess whether the director:

- is, represents, or is or has within the last three years been an officer or employee of, or professional adviser to, a substantial holder of the Company;

- is, or has been, employed in an executive capacity by the Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;

- receives performance-based remuneration from the Group, including options or performance rights, or participates in an employee incentive scheme;

- is, or has within the last three years been a partner, director or senior employee of a provider of material professional services to the Group;

- is, or has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the Group, or an officer of, or otherwise associated with, someone with such a relationship;

- has a material contractual relationship with the Group other than as a director;

- has close family ties with any person who falls within any of the categories described above; or

- has been a director of the Group for such a period that his or her independence may have been compromised.

The matters listed above are not exhaustive. The Board will assess independence having regard to the substance and materiality of each director's interests, positions, associations and relationships, and to any other circumstance that could influence, or reasonably be perceived to influence, the director's capacity to exercise independent judgement and act in the best interests of the Company as a whole.

The Board will assess non-executive director independence at least annually and promptly when relevant circumstances change. Directors must notify the Chair of relevant changes without delay. The Company will disclose the directors considered independent, each director's length of service, and the reasons for treating a director as independent despite a relationship that may call independence into question. A change in independence status will be explained to the market in a timely manner. Interests will be declared at each Board meeting.

7 Chair

The Chair should be an independent non-executive director and should not be the same person as the Managing Director. The Board will appoint the Chair having regard to the skills, experience, independence and leadership qualities required for the role. In the absence of the Chair and any deputy Chair, the Board will nominate an independent non-executive director to chair the meeting.

The Chair is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively, and for communicating the views of the Board to the public.

In particular, the Chair is required to:

- set the agenda for matters to be considered at the meetings of the Board;
- manage the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting the Company's business operations, the Company's current financial position and performance and any opportunities or challenges facing the Company; and
- facilitate open and constructive communications between members of the Board and encourage their contribution to Board deliberations.

8 Expertise

The Board shall ensure that, collectively, it has the appropriate range of skills and expertise to properly fulfil its responsibilities, including:

- Accounting and finance;
- leadership and governance;
- health and safety;
- sustainability and stakeholder management
- mining;
- Managing Director-level experience; and
- relevant technical expertise.

The Board will maintain and publicly disclose a Board skills matrix, review it annually against current and emerging needs, and address identified gaps through recruitment, succession planning or professional development.

The Board will use succession planning to achieve the progressive and orderly renewal of its Board membership. The Board may engage an independent professional consultant to identify suitable candidates in a direct recruitment search process. Candidates are selected based on their skills, knowledge and experience, which enable the Board to discharge its responsibilities effectively. This selection process also aims to achieve an appropriate mix of skills, expertise, experience and diversity.

9 Board Committees

The Board may establish committees to assist it in discharging its responsibilities. The Board has established the following committees:

Committee	Key responsibility
Audit Committee	To oversee financial reporting, internal controls, audit quality and auditor independence, and review financial risks.
HSEC Committee	To oversee health, safety, environment and community performance and risks within its charter.
Remuneration Committee	To review director and executive KMP remuneration, incentive design, succession and performance as specified in its charter.

The full Board performs the nomination function rather than establishing a separate Nomination Committee. It will review Board succession, composition and candidate selection at least annually, manage conflicts in appointment decisions, and disclose its reasons for this arrangement and the processes used to address succession and maintain the appropriate mix of skills, experience, independence and diversity. It will review annually whether a separate committee is warranted.

The committees of the Board are designed to consider specific matters and make recommendations to the Board; however, it is not intended that the committees restrict the ability of the Board to make an independent assessment of the recommendations, having regard to the Board's knowledge of the Group and its operations.

Each committee has an approved charter setting out the composition of the committee, the powers delegated to it by the Board and minimum meeting requirements for the committee.

The Audit Committee should comprise at least three non-executive directors, with a majority independent and an independent Chair who is not the Board Chair. The Remuneration Committee should comprise at least three directors, with a majority independent and an independent Chair. The Board will disclose and explain any departures from these recommendations and the alternative safeguards adopted, subject to any mandatory ASX Listing Rule requirements.

The Board may rely on the advice of a committee provided the reliance was made in good faith, after making an independent assessment of the information having regard to the Board's knowledge of the Company and the complexity of its structure and operations, and after taking reasonable steps to satisfy itself that the reliance is warranted.

The Board may also delegate specific responsibilities to ad hoc committees from time to time.

The Board will expressly allocate enterprise risk oversight between itself and its committees, including risks outside the HSEC Committee's remit, and disclose those arrangements. It will consider annually whether a dedicated or combined risk committee is appropriate.

Committee Chairs will report material matters, recommendations and unresolved issues to the Board promptly. The Board will review the need for an internal audit function annually; where no such function exists, it will approve and disclose the alternative independent assurance arrangements.

10 Indemnity and Insurance

Each current director has entered into a deed with the Company under which the Company has agreed:

- to the extent permitted by law, to indemnify the director against liability arising out of the discharge of the director's duties;

- to maintain an insurance policy for the director against liability incurred in their capacity as director for the term of the director's appointment and for 7 years following cessation of office; and

- to maintain all board papers and other Company documents relating to the director's period of appointment and to make those papers available to the director for a period of 7 years following the director's cessation of office.

Unless the Board otherwise determines for documented reasons, each new director will enter into a similar deed with the Company, prior to that new director commencing office.

11 Conflicts of Interest

Each director has an obligation to reach decisions which they believe to be in the best interests of the Company as a whole, free of any actual or possible conflict of interest.

Each director must promptly disclose the nature and extent of any material personal interest as required by section 191 of the Corporations Act and notify the Chair of any actual, potential or perceived conflict of interest or duty. The Company Secretary will maintain a register of disclosed interests and the arrangements adopted to manage them. Unless a lawful exception applies, a director with a material personal interest in a matter being considered at a Board meeting must:

- fully and frankly inform the Board about the circumstances giving rise to the conflict; and

- not vote on the matter or be present during its consideration, and comply with restrictions on access to relevant papers necessary to manage the conflict.

Any permission under section 195(2) must be resolved by directors who have no material personal interest in the matter. The resolution must identify the director, the nature and extent of the interest and its relation to the Company's affairs, and state why those directors are satisfied that the interest should not disqualify participation. The minutes must record the resolution and any other lawful basis for participation.

A director who identifies a conflict must immediately consult the Chair. If the Chair is conflicted, the director must consult an unconflicted independent director or, if none is available, the Company Secretary to arrange consideration by the unconflicted directors.

12 Term of office of directors

Executive directors must resign from the Board when they cease to occupy their executive position with the Company. They may be eligible for re-appointment as a non-executive director, subject to the Board's assessment of independence (including the three-year cooling-off period in Section 6.2).

13 Appointment of Directors

13.1 Appointment

Directors are appointed in accordance with the terms of the Company's Constitution.

Before appointing a director or senior executive, or putting a director forward for election, the Company will undertake appropriate checks of character, experience, education, criminal record and bankruptcy history, and verify legal eligibility and any required director identification number. A proposed director must demonstrate sufficient time to fulfil the role.

13.2 Agreement

The terms and conditions of the appointment and retirement of directors are set out in a letter of appointment which covers:

- the terms of appointment;
- the time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the position;
- remuneration;
- the requirement to disclose interests and any matters which may affect independence;
- the requirement to comply with key corporate policies, including the Company's Corporate Code of Conduct and Securities Dealing Policy;
- the Group's policy on when directors may seek independent professional advice at the expense of the Group;
- the circumstances in which the director's office becomes vacant;
- indemnity and insurance agreements;
- ongoing rights of access to corporate information; and
- ongoing confidentiality obligations.

Directors must seek the Chair's approval before accepting another material directorship or role that could affect their time commitment or create a conflict; the Chair must seek approval from the unconflicted directors. Each senior executive will also have a written agreement setting out the terms of appointment.

13.3 Induction and training

The Company will provide induction for new directors and review each director's professional development needs annually. Training will address the Group's operations, financial reporting, risk and governance obligations, and relevant emerging issues.

13.4 Vacancy

When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select appropriate candidates, with relevant qualifications, skills and experience. External advisers may be used to assist in such a process.

13.5 Retirement and Re-election

Directors retire and stand for election or re-election in accordance with the Constitution and ASX Listing Rules. Subject to the exemption for one Managing Director, a director appointed to fill a casual vacancy or as an addition to the Board must stand for election at the next Annual General Meeting. The Company will hold an election of directors at each Annual General Meeting and comply with the applicable rotation requirements.

The exemption from election or re-election under ASX Listing Rule 14.4 applies to only one Managing Director where there is more than one Managing Director; it does not extend to every executive director.

13.6 Information for shareholders about a director standing for election or re-election

The following information will be made available to shareholders about a director standing for election or re-election:

- biographical details, including relevant qualifications and experience and the skills they bring to the Board;
- details of any material directorships currently held;
- the term of office currently served by the director (only if standing for re-election);
- if the Board considers the director to be independent; and
- a statement by the Board as to whether it supports the director for election or re-election.

Shareholders will receive all material information in the Company's possession relevant to deciding whether to elect or re-elect the director, including relevant relationships affecting independence and, for re-election, the Board's assessment of the director's contribution and continuing suitability.

Where a director is standing for election for the first time: the following additional information will also be made available:

- any material adverse information revealed by the checks performed about the director; and
- details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Group and its shareholders generally.

14 Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with proper functioning of the Board. The role of the Company Secretary includes:

- advising the Board and committees on governance matters;
- monitoring to ensure Board and committee policies and procedures are followed;
- coordinating the timely completion and dispatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of directors.

The Board will formally resolve the appointment and removal of a Company Secretary.

Each director may communicate directly with the Company Secretary, who may communicate directly with any director on matters affecting the proper functioning of the Board.

15 Meetings of the Board

The Board must meet at least ten times a year to consider the business of the Company, its financial performance and other operational issues. The Company's Constitution states that two directors form a quorum. The Board will endeavour to ensure that material decisions are not taken unless a majority of directors are present. In addition to scheduled meetings, the Board will convene additional meetings as circumstances require, including in response to material developments in health and safety, environmental, cyber security, regulatory compliance or other significant risks relevant to the Group's operations.

Each Board meeting will allow for informal discussions between Board members. The Chair of the meeting should ensure availability and, if necessary, the attendance at the relevant meeting of any member of executive KMP responsible for a matter included as an agenda item at the relevant meeting.

The Chair will provide regular opportunities for non-executive directors to meet without management present. Board papers should ordinarily be circulated sufficiently in advance for informed consideration. Minutes will record decisions, material reasons, conflicts and any dissent, be entered in the minute books within one month, and be signed in accordance with applicable law. The Company Secretary will track actions to completion.

Urgent matters may be considered at a properly convened Board meeting using appropriate technology or by a circulating resolution where permitted by the Constitution and applicable law. The Company Secretary will verify voting eligibility, the required approvals and signatures, and the time the resolution takes effect, and arrange its entry in the minute book. The Chair's coordination of the process must not prevent directors exercising their legal rights or delay required market disclosure.

16 Directors' right to seek professional advice and access to Group information

16.1 Group Information and Personnel

All directors are granted access to all information of the Group necessary to discharge their duties, subject to conflict-management restrictions, legal professional privilege and applicable law, and shall have the right of access to:

- all records;
- all levels of management; and
- the external auditors.

Directors may communicate directly with Group personnel and auditors to discharge their duties, having regard to efficient operations, management accountability and confidentiality. Material or sensitive enquiries should be coordinated with the Chair where appropriate, but this must not obstruct a director's access to information or independent assurance. Conflict-management and legal restrictions continue to apply.

16.2 Independent Professional Advice

If a director wishes to seek independent professional advice at the Group's expense, they must obtain the permission of the Chair. When doing so, the director should provide the Chair with:

- the reason for seeking the advice;
- the name of the person from whom the advice will be sought; and
- a quote from that person for the provision of the advice contemplated.

Upon receipt of the required information, the Chair:

- must not unreasonably withhold permission to obtain the advice; and
- must inform the Board of the request as soon as possible.

If the Chair is conflicted or unavailable, the request may be approved by an unconflicted independent director or the unconflicted directors. The Company Secretary will coordinate the engagement and the approved scope and reasonable costs.

Advice obtained at the Company's expense will ordinarily be shared with the Board, subject to legal professional privilege, confidentiality obligations and necessary conflict-management restrictions.

17 Directors' Remuneration

The remuneration of non-executive directors is different from that of executive directors. Executive directors receive a salary and may receive other benefits. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders.

Non-executive directors will receive fixed fees, superannuation and any approved non-cash benefits in lieu of fees. They will not receive performance-based bonuses, performance rights or options with performance hurdles, or retirement benefits other than superannuation. Any equity provided in lieu of fees must preserve independent judgement and comply with applicable shareholder approval requirements. Directors may be reimbursed for reasonable expenses incurred in discharging their duties.

Fees paid to non-executive directors are reviewed annually by the Remuneration Committee.

Executive remuneration will support the Company's strategy, values and risk appetite, with financial and non-financial performance measures and appropriate discretion to reduce or recover incentive outcomes for misconduct or material misstatement. The Company will maintain and disclose its policy on hedging equity remuneration and comply with statutory restrictions on hedging unvested or restricted remuneration.

18 Board Performance

The Board will evaluate the performance of the Board, its committees and individual directors annually against agreed criteria, including composition, decision quality, oversight effectiveness and the quality of information received. The review will identify improvement actions, accountable owners and completion dates.

The Chair is responsible for the:

- evaluation and review of the performance of the Board and its Committees (other than the Chair); and
- evaluation and review of the performance of individual directors (other than the Chair).

The Board (other than the Chair) is responsible for the:

- evaluation and review of the performance of the Chair; and
- review of the effectiveness of the programme of Board meetings.

The process for performance evaluation generally involves an internal review. However, the Board will commission an independent external evaluation at least every three years, and may do so more frequently where required.

For each reporting period, the Company will disclose its evaluation processes for the Board, committees, individual directors and senior executives, and whether evaluations were undertaken in accordance with those processes.

19 Conduct

Each director must be and remain aware of, and observe, any standing orders adopted by the Board from time to time for the conduct of Board and Committee meetings.

Directors must at all times comply with the spirit as well as the letter of the law and with the principles of this Charter.

Directors should conduct themselves at all times in a professional, respectful, lawful and ethical manner when carrying out their duties, at both Board and Committee meetings, at Company functions and meetings, and where otherwise dealing with matters concerning or involving the Company.

20 Diversity

The Company recognises that people are its most important asset and is committed to maintaining and promoting workplace diversity. TerraCom is an equal opportunity employer and is committed to providing workplace diversity across the organisation.

Diversity drives the Company's ability to attract, retain and develop the best talent, create an engaged workforce, deliver the highest quality services to its stakeholders and continue to grow the business.

In order to facilitate greater diversity, the Company will:

(a) review and, where appropriate, implement policies which address impediments to gender diversity in the workplace (including parental leave and flexible working arrangements that assist employees to fulfil their domestic responsibilities);

(b) monitor the effectiveness of, and continue to expand on, existing initiatives designed to identify, support and develop talented employees from a diverse range of backgrounds; and

(c) implement and monitor employment practices that recognise any minority groups underrepresented in our workforce. These groups may include Aboriginal and/or Torres Strait Islander people, and members of racial, ethnic and cultural minority groups.

The Board will approve and disclose a Diversity Policy and set measurable, time-bound gender diversity objectives for the Board, senior executives and workforce. It will assess the objectives and progress annually and disclose the objectives, progress, and the proportions of men and women at each level, defining senior executive for this purpose, or the applicable Workplace Gender Equality Act indicators. If the Company is in the S&P/ASX 300 Index at the start of the reporting period, its Board objective should be at least 30% of directors of each gender within a specified period.

21 Review

The Company Secretary will coordinate an annual review of this Charter and recommend changes to the Board, taking account of applicable law, ASX guidance, the Group's operations and the results of Board and committee evaluations.

The Board will approve any amendments to this Charter that stem from that review.

The Company Secretary will maintain the Board approval date, version history and next scheduled review date, and ensure that approved amendments are communicated and the published Charter is updated.

22 Publication

This Charter is made available to all directors and staff of the Group and published on the Group's website www.terracomresources.com.