

SIGNATURE METALS LIMITED
ACN 106 293 190
BOARD CHARTER

1. OVERVIEW

- 1.1 The Signature Metals Limited (“Signature” or “Company”) Board is primarily responsible for ensuring that the Company has an appropriate corporate governance structure to ensure the creation and protection of shareholder value and operate in a sustainably responsible manner.
- 1.2 The Board is also responsible for ensuring the Company recognises its legal and other obligations to all legitimate stakeholders from time to time where and to the extent appropriate. “Stakeholders” are groups that are likely to feel a social, environmental or economic impact from Signature’s actions. They include shareholders, employees, contractors, regulatory bodies and members of the communities where Signature operates and are affected by Signature’s activities.
- 1.3 This Board Charter explains the Company’s commitment to corporate governance and sustainable practices and sets out the role, responsibilities and conduct of the Board. It is not an “all inclusive” document and should be read as an expression of principle.
- 1.4 To the extent practicable, the Company endorses and seeks too follow the Australian Securities Exchange (ASX) Corporate Governance Council’s *Corporate Governance Principles and Recommendations (ASX Principles & Recommendations)*.
- 1.5 This Board Charter sets out the principles for the operation of the Company’s Board.

2. COMPLIANCE AND GOVERNING MATERIALS

2.1 Constitution

The Company’s Constitution is the Company’s key governance document. The Board must ensure that it and the Company comply at all times with the provisions of the Constitution.

2.2 Compliance with Laws

As a public company listed on the ASX, the Company must comply with the *Corporations Act*, the ASX Listing Rules (Listing Rules) as well as all other applicable laws, moral codes and statutes. Examples of applicable areas of regulation include:

- (a) occupational health & safety legislation;
- (b) environmental protection legislation;
- (c) employment related laws; and
- (d) anti-discrimination legislation.

2.3 Governance Materials

The operations and conduct of Signature are administered in accordance with all governance materials approved by the Company’s Board, including but not limited to:

- (a) this Charter;
- (b) Code of Conduct;
- (c) Diversity Policy
- (d) Trading Policy
- (e) Continuous Disclosure Policy; and

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(f) Shareholder Communications Policy.

3. COMPOSITION OF THE BOARD

3.1 Number of Directors

- (a) In accordance with the Constitution and the *Corporations Act*, the Board shall at all times have at least 3 directors.
- (b) The Board size and composition is periodically determined and reviewed by the Board as a whole. In relation to the composition, the Board will consider the number and balance of directors with non-executive and independent status.

3.2 Alternate Directors

Directors may appoint Alternate directors in accordance with the Constitution of the Company.

3.3 Appointment and Removal of Directors

General

Directors will be appointed and removed in accordance with the *Corporations Act* and the Constitution.

Considerations

In selecting new directors, the Board must ensure that the candidate has the appropriate range of skills, experience and expertise that will best complement Board effectiveness.

In addition, any candidate must confirm that they have the necessary time to devote to their Board position.

3.4 Nomination and Rotation of Directors

Nomination and rotation of directors will be governed by the *Corporations Act*, the Listing Rules and the Constitution.

Procedure for Nomination to Board

The Board's procedure for selection of candidates and recommendation to the Board following identification of the needs of the Board is to:

- (a) identify individuals with the competencies required by the Board, including engaging recruitment consultants to assist in the identification process, as required;
- (b) develop a short list of candidates based upon competencies and ability to fit within the existing Board;
- (c) approve the most appropriate person from the short list to be invited by the Board to become a director of Signature.

Other Nomination Related Matters

The responsibilities of the Board with regard to nomination related matters (without limiting its scope) are to:

- (a) review the composition of the Board and its Committees (if any);

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- (b) assess the necessary and desirable competencies of directors;
- (c) ensure the directors have the appropriate mix of competencies to enable the Board to discharge its responsibilities effectively;
- (d) oversee the directors' induction program;
- (e) ensure that directors have access to appropriate continuing education to update and enhance their skills and knowledge;
- (f) develop Board succession plans to ensure an appropriate balance of skills, experience and expertise is maintained;
- (g) review the time commitment required from non-executive directors and whether directors are meeting that commitment; and
- (h) evaluate the collective performance of the Board, the Chairman of the Board, the individual performance of all the directors and senior management.

3.5 Board Committees

Pursuant to the Constitution of the Company and to assist the Board in fulfilling its duties and responsibilities, the Board may delegate its powers to a committee or committees consisting of such of their number as they think fit, from time to time.

Any such committees established will have formal charters. With the exception of certain limited delegations contained in the committees' charters, recommendations of such committees are to be referred to the Board for approval.

3.6 Independence

Independent directors are those who have the ability to exercise their duties unfettered by any business or other relationships and are willing to express an objective opinion.

It is the approach and attitude of each non-executive director which is critical to determining independence and this must be considered in relation to each director while taking into account all other relevant factors, which may include whether the non-executive director:

- (a) is a substantial shareholder (within the definition of the *Corporations Act*) of the Company, or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) has, within the last three years, been employed in an executive capacity by the Company or any other Group company;
- (c) has, within the last three years, been a principal of a material professional adviser or a material consultant to the Company or an employee materially associated with the service provided. In this context, the relationship with the professional adviser or consultant shall be deemed to be material if payments from the Company exceed \$100,000 of Signature's annual expenditure to all professionals and consultants or exceed \$100,000 of the recipient's annual revenue for advisory or consultancy services;
- (d) is a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with, a material supplier or customer. In this context, the relationship with the supplier or customer shall be deemed to be material if annual payments to or from that supplier or customer exceed \$100,000 of the annual consolidated gross revenue of either Signature or of that supplier or customer;
- (e) has any material contractual relationship with Signature other than as a director; or

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- (f) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Signature.

4. INFORMATION AND INDEPENDENT ADVICE

4.1 Due Diligence "Pack"

Prior to any formal offer, any potential director must be given sufficient information about Signature as part of his/her personal due diligence. The information will extend to non-public information after the potential director has signed a confidentiality agreement.

4.2 Appointment Letter

Upon appointment, a new director will be given a formal letter of appointment from the Chairman setting out the key terms, conditions and responsibilities of their position.

4.3 Induction Program

Upon appointment, the Company Secretary is responsible for arranging for the new director to undertake an induction program to enable them to gain an understanding of:

- (a) Signature's operations and the industry sectors in which it operates;
- (b) Signature's financial, strategic, operational and risk management position;
- (c) their rights, duties and responsibilities; and
- (d) any other relevant information.

As part of this induction program, a new director will meet with all incumbent directors and Senior Executives (if this has not already taken place) to gain an understanding of the duties and responsibilities of the director or manager within The Company.

4.4 Ongoing Information

The Chairman, Chief Executive Officer (CEO)/Managing Director (MD), Chief Financial Officer, Company Secretary and any other Executive Officers must ensure that updated information is provided to the Board in a timely fashion to enable them to effectively discharge their duties as directors. This may be part of, or in addition to, the periodic Board reporting process.

4.5 Requested Information

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any director has the authority to seek any information he/she requires from any employee or contractor (Employee) of Signature and all Employees must comply with such requests.

Unless a conflict exists or to do so would be inconsistent with the director's duties, the director is to request such information via the CEO/MD.

4.6 Independent Advice

Any director may take such independent legal, financial or other advice as they consider necessary at the reasonable expense of Signature on any matter connected with the discharge of his or her responsibilities. Any director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice. The Chairman may determine that any advice received by a director be circulated to the Board.

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All directors are entitled to the benefit of Signature's standard Deed of Access, Indemnity and Insurance which provides ongoing access to Board Papers and at the Company's expense, Directors' and Officers' Insurance for seven years after the director leaves the Board.

5. DUTIES AND RESPONSIBILITIES

5.1 The Board is responsible for setting Signature's values and standards of conduct and ensuring that these are adhered to, in the interests of Signature's stakeholders and, generally in safeguarding Signature's reputation.

5.2 The Board is responsible for setting the strategic direction of Signature and for the Senior Executives of Signature, including:

- (a) financial strategic objectives;
- (b) oversight of control and accountability systems;
- (c) the appointment, appraising, removal and remuneration of the:
 - (i) CEO/MD;
 - (ii) Chief Financial Officer; and
 - (iii) Company Secretary;
- (d) input into and final approval of corporate strategy;
- (e) evaluating and approving the annual operating budget and business plans and holding management accountable for delivery of same;
- (f) evaluating and approving and monitoring the progress of major capital and operating expenditure, capital management and all major corporate transactions;
- (g) monitoring compliance with all legal and regulatory and ethical obligations;
- (h) reviewing, monitoring and ratifying the Company's audit function and risk management system and internal compliance and controls (refer paragraph 6);
- (i) approving remuneration policies and employment terms for Non-Executive Directors, Executive and employees (refer paragraph 7);
- (j) establishing criteria for and monitoring performance of Senior Executives;
- (k) approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders;
- (l) appointing the Chairman of the Company.

5.3 It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Board shall approve all delegations of authority.

5.4 In discharging his/her duties, each director must:

- (a) exercise care and diligence;

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- (b) act honestly and in good faith in the best interests of the Company as a whole;
- (c) not improperly use his/her position or misuse information of the Company;
- (d) disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the director becomes aware and which the director reasonably believes may compromise the reputation or performance of the Company; and
- (e) commit the time necessary to discharge effectively his/her role as a director.

5.5 All directors are entitled to be heard at all meetings and to the extent practicable, should bring an objective judgement to bear in decision-making.

5.6 All directors have access to the Company Secretary, who is accountable to the Board, through the Chairman, on all governance matters.

6. AUDIT AND RISK MANAGEMENT

6.1 Understanding the Business

The Board should ensure that it understands the structure, business functions, controls and types of transactions of the Company.

6.2 Financial Reporting

The Board will:

- (a) review the financial information presented by management to the Board, the market, shareholders and regulators;
- (b) oversee the effectiveness of administrative and accounting controls used by Signature;
- (c) oversee and appraise the quality of the audits conducted by the external auditors;
- (d) maintain open lines of communication with the external auditors; and
- (e) have the power to authorise investigations into any matter.

6.3 Review of Financial Information

Without limiting its scope, the Board is to review:

- (a) the draft half-yearly and annual financial statements of the Company, to ensure they represent a true and fair view of Signature's financial position and performance. The Board should focus on:
 - (i) compliance with accounting standards (including an assessment of the appropriateness of management's selection of accounting policies and disclosures);
 - (ii) significant changes in accounting policies and practices;
 - (iii) major judgmental areas; and
 - (iv) significant audit adjustments; and
- (b) the declaration signed by the Chief Executive Officer and Chief Financial Officer (CFO) required by section 295A of the *Corporations Act*.

6.4 Insurance

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Without limiting its scope, the Board is to:

- (a) review and approve or ratify any material new insurances, proposed cancellations or variations of existing policies; and
- (b) be advised of each renewal (including details of the principal terms) of material insurances.

6.5 Taxes

Without limiting its scope, the Board is to:

- (a) monitor compliance with all tax obligations;
- (b) review any relevant taxation information submitted to the Board; and
- (c) where necessary, approve or ratify any material amendments to taxation policies.

6.6 Business Risk Management

Without limiting its scope, the Board will ensure management has established and operates a business risk management system, including internal controls, which is designed to identify, assess, monitor and manage business risk.

6.7 External Auditor

In relation to the external auditor, the Board should:

- (a) observe the policies and procedures for the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners;
- (b) approve:
 - (i) the appointment and removal of the external auditor;
 - (ii) the terms of appointment or re-appointment of the external auditor;
 - (iii) the level of fees payable to the external auditors; and
 - (iv) procedures for the rotation of external audit engagement partners.
- (c) approve the external audit plan;
- (d) at least annually, assess the performance and independence of the external auditor and whether the independence of this function is maintained having regard to the provision of non-audit related services in accordance with the *Corporations Act*; and
- (e) review any reports from the external auditor with regard to the auditor's independence, which may describe any or all of the following:
 - (i) the audit firm's internal quality control and conflict procedures;
 - (ii) any material issues raised by the most recent quality control, or peer review, of the audit firm, and any steps taken to address such issues; and
 - (iii) all relationships between the external auditor and the Company.

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6.8 Legal and Regulatory Compliance

Without limiting its scope, the Board will monitor the Company's compliance with:

- (a) all relevant statutory and regulatory obligations; and
- (b) all internal policies and procedures.

6.9 Other

Other responsibilities of the Board include, but are not limited to:

- (a) reviewing policies and practices on sensitive financial issues; and
- (b) identifying and directing any special projects or investigations as deemed necessary.

7. REMUNERATION

7.1 Remuneration Policies for Non-Executive Directors

The Board will review and approve remuneration policies for non-executive directors following the receipt of external advice as considered necessary from time to time.

It is not the Company's policy to pay bonuses or retirement benefits (other than superannuation) to non-executive directors.

7.2 Remuneration Policies for Executive Directors

- (a) The Board will review and approve:
 - (i) short and long-term remuneration for the executive directors;
 - (ii) superannuation arrangements for the executive directors;
 - (iii) any termination payments to be made to the executive directors (which are to be agreed in advance and include detailed provisions in case of early termination); and
 - (iv) the development of any equity based plan to apply to the executive directors.
- (b) In making its recommendations in accordance with clause 7.2(a), the Board should ensure that the remuneration policies:
 - (i) motivate executive directors to pursue the long-term growth and success of Signature;
 - (ii) when considered appropriate by the Company, demonstrate a clear relationship between performance and remuneration; and
 - (iii) when considered appropriate by the Company, involve an appropriate balance between fixed and incentive remuneration, reflecting the short and long-term performance objectives to Signature's circumstances and goals.

7.3 Remuneration Policies for Executive Management

- (a) The Board will approve recommendations from the executive directors on short and long-term remuneration (including superannuation) for employees (including performance targets).

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- (b) In making its decisions in accordance with clause 7.3(a), the Board should ensure that the remuneration policies:
- (i) motivate executives to pursue the long-term growth and success of Signature;
 - (ii) when considered appropriate by the Company, demonstrate a clear relationship between performance and remuneration; and
 - (iii) when considered appropriate by the Company, involve an appropriate balance between fixed and incentive remuneration, reflecting the short and long-term performance objectives to Signature's circumstances and goals.

7.4 Equity Participation

The Board approves the appropriate grant of any equity securities. It is not the policy of the Company to enter into transactions in associated products which limit the economic risk for participants in unvested entitlements under any equity-based remuneration schemes.

7.5 Human Resource Policies

The Board is to review human resource policies and practices for Signature employees.

8. THE CHAIRMAN

The Chairman is responsible for:

- (a) leadership of the Board;
- (b) developing and maintaining key strategic relationships;
- (c) overseeing the Board in the effective discharge of its supervisory role;
- (d) the efficient organisation and conduct of the Board's function and meetings;
- (e) facilitating the effective contribution of all directors;
- (f) briefing all directors in relation to issues arising at meetings;
- (g) the promotion of constructive and respectful relations between directors; and
- (h) committing the time necessary to discharge effectively his/her role as Chairman.

Should the Chairman be absent from a meeting, another Director should act as chairman of the meeting.

9. MEETINGS

The Board will meet as frequently as they determine to deal with urgent matters, which might arise between the scheduled meetings.

A meeting of the Board will usually be convened by the Chairman, although under Signature's Constitution, a meeting may be called by any director.

All directors are expected to diligently prepare for, attend, and participate in all Board meetings. At a minimum, a quorum of directors under Signature's Constitution is two.

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Meetings of the Board may be held or participated in by conference call or similar means. Resolutions of the Board may be passed by circular resolution or in writing in accordance with Signature's Constitution.

The Chairman in conjunction with the CEO/MD should ensure the availability and, if necessary, the attendance at the relevant meeting, of any member of the Senior Executives responsible for a matter included as an agenda item at the relevant meeting.

The external auditor should meet with the Board in the course of preparing the half-yearly and annual accounts.

10. DIRECTOR SHARE TRADING

The Company's Trading Policy imposes restrictions on the trading of shares by Directors and others with undisclosed price sensitive information. All Directors must comply with that Policy.

11. CORPORATE GOVERNANCE

11.1 The Board is responsible for the adoption, oversight and administration of the Company's corporate governance materials, including but not limited to those documents listed in paragraph 2.3.

11.2 The Annual Report will include a Corporate Governance Statement which will contain the content required by the *ASX Principles & Recommendations* (as well an explanation of any departures from the best practice Recommendations).

11.3 As part of an effective communications strategy, the Company will maintain and keep current its Corporate Governance website.

12. PERFORMANCE

To determine whether it is functioning effectively, the Board shall:

- (a) review this Charter annually; and
- (b) undertake an evaluation of its performance at intervals considered appropriate by the Chairman.