



## **Board Charter**

**Melbana Energy Limited**

**ACN 066 447 952**

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<b>Approved</b>	<b>February 2023</b>
Next Review Date	February 2025

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# 1 Introduction

The Board of Directors of the Company (“**Board**”) has adopted this Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws.

This Charter includes an overview of:

- Board composition and process;
- the roles and responsibilities of the Board;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

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## 2 Board Composition

### 2.1 *Board composition and size*

- The Board is appointed by the shareholders.
- The Board, together with the Remuneration and Nomination Committee (“RNC”), determines the size and composition of the Board, subject to the terms of the Company’s Constitution, the ASX Listing Rules and the Corporations Act.
- The Company should seek to have a Board comprising a majority of independent non-executive Directors with an appropriate and diverse range of skills, experience and expertise, who have a proper understanding of and competence to deal with the current and emerging issues of the business, and who can effectively review and challenge the performance of management and exercise independent judgment.
- The Board, together with the RNC, will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company’s strategy, subject to limits imposed by the Constitution and the terms served by existing Non-executive Directors.
- Candidates for Board positions shall be nominated by the RNC for consideration by the Board. The whole Board shall decide on the recommendations for new Directors made by the RNC.
- In selecting new members for the Board, Directors shall have regard to the appropriate skills and characteristics needed by the Board as a whole. The Directors shall endeavor to appoint individuals who would provide the mix of Director characteristics and diverse experiences, perspectives and skills appropriate for the company.
- On their initial appointment, Directors will receive a letter of appointment which sets out the terms and conditions of their appointment.
- No Director, who is not the Managing Director, may hold office without re-election after 3 years, or beyond the third Annual General Meeting following the meeting at which the Director was last elected or re-elected (whichever is later) in accordance with the provisions of the Company’s constitution.

### 2.2 *Director independence*

- 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.

- The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence which is set out in Annexure 1 to this Board Charter.
- While the Company will aim to have a majority of independent non-executive Directors, this may not always be practicable given the size of the Board and the Company's circumstances. Accordingly, the Directors have absolute discretion to determine the appropriate composition of the Board from time to time, subject to the Constitution, the *Corporations Act 2001 (Cth)* and the ASX Listing Rules.
- To the extent that the Board does not achieve this structure from time to time, the Board should have a goal to achieve this structure and review its progress annually.

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## 3 Role and Responsibilities of The Board

### 3.1 Board role

The role of the Board is to create sustainable shareholder wealth in a manner consistent with the Company's constitution and all legal and regulatory requirements.

The Board achieves this by:

- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- representing and serving the interests of shareholders in setting, overseeing and appraising the Company's direction, strategies and financial objectives, within a framework of prudent and effective controls for the assessment and management of risk;
- ensuring that the necessary financial and human resources are in place;
- setting, overseeing and appraising the Company's values and corporate governance framework, and ensuring that the Company acts with integrity and in accordance with the highest ethical standards;
- ensuring there is an effective balance between the delegation of responsibility for the day to day operation and management to the Chief Executive Officer and the role of the Board in monitoring, guiding and providing oversight;
- ensuring that the performance of management, and the Board itself, is regularly assessed and monitored;
- promoting a culture where transparent and timely information is shared between management and Board and where there is opportunity to challenge views, assumptions and beliefs in an environment of trust, respect and openness; and
- ensuring effective communication with shareholders.

### 3.2 Board responsibilities

The responsibilities of the Board include:

- selecting, appointing, reviewing the performance of, determining the remuneration of, removing (if necessary) and planning the succession of, the Chief Executive Officer or equivalent;
- contributing to and approving management development of corporate strategy, including approving annual operating plans (including objectives, goals, strategies and operating

budgets) and regularly reviewing achievement against the plan;

- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage those risks;
- monitoring corporate performance and management's implementation of strategy and policy, including considering management proposals and providing advice and approvals where appropriate;
- approving capital structure and capital requirements;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- approving dividend policy and the payment of dividends;
- approving half yearly accounts, full year accounts and annual report and related reports to ASX and regulatory authorities;
- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- approving the Company's remuneration framework;
- approving, reviewing and monitoring compliance with corporate governance structures and policies;
- procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to effectively perform their role as Directors;
- performing such other functions as are prescribed by law or are assigned to the Board.

### **3.3 Board authority**

The Board is authorised to:

- investigate and review any matters within its area of responsibility; and
- seek information from any Director, officer or employee of the Company or its affiliates or from any advisor, agent or representative of any of them.

### **3.4 Directors**

- All Directors must comply with their corporate and legal duties and obligations when discharging their responsibilities as Directors. Broadly, these duties are to:
  - to act in good faith and in the best interests of the Company;
  - act with care and diligence;
  - act for proper purposes;
  - avoid a conflict of interest or duty; and
  - refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.
- Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.

- Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behavior.
- Directors are expected to bring their independent views and judgement to the Board and must disclose their interests, positions, associations or relationships.
- Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- Directors must immediately declare to the Board, and the Board will determine whether to declare to the market, any loss of independence.
- Each Director is bound by all the Company charters, policies and codes of conduct, including without limitation:
  - the Company's Code of Conduct;
  - the Company's Trading Policy; and
  - the Company's Disclosure Policy.
- Directors will be expected to participate in any induction and orientation programs and any continuing education or training arranged for them.

### **3.5 *Independent advice***

- The Board or individual Directors (with the approval of the Board which will not be unreasonably withheld), may obtain independent professional advice it considers necessary, with the costs to be borne by the Company.

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## **4 Delegation of Duties and Powers**

### **4.1 *Relationship with management***

- The Board of Directors may delegate their powers as they consider appropriate. However, ultimate responsibility for strategy and control rests with the full Board.
- The role of Management is to support the Executive Chairman/ Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the Delegation of Authority of the Board.
- Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- In addition to formal reporting structures, members of the Board are encouraged to have direct communications with senior executives within the Company to facilitate the carrying out of their duties as Directors.
- The Executive Chairman/ Chief Executive Officer and Executive Team are ultimately accountable to the Board.
- Directors are entitled to request additional information at any time when they consider it appropriate.

### **4.2 *Role of the Executive Chairman/ Chief Executive Officer***

- The management function is conducted by, or under the supervision of, the Executive Chairman/ Chief Executive Officer as directed by the Board (and by other officers to whom the management function is properly delegated by the Executive Chairman/ Chief Executive Officer).

- The Board approves corporate objectives for the Executive Chairman/ Chief Executive Officer to satisfy and, jointly with the Executive Chairman/ Chief Executive Officer, develops the duties and responsibilities of the Executive Chairman/ Chief Executive Officer.
- The Executive Chairman/ Chief Executive Officer is responsible for providing strong leadership to and effective management of the Company and for implementing strategic objectives, plans and budgets approved by the Board.

#### **4.3 Delegation to Committees**

- The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- Each standing Committee adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee. The Board's two standing committees are the Audit and Risk Committee, and the Remuneration and Nomination Committee.
- The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis. The powers delegated to these Committees are set out in Board resolutions.

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## **5 Board Process**

### **5.1 Meetings**

- The Company's constitution governs the conduct of Board meetings and proceedings.
- The Directors shall hold at least 6 meetings in each calendar year and as frequently as may otherwise be required to deal with urgent matters.
- Periodically, Non-executive Directors will meet without Executive Directors or management present.
- All members of the Board are generally expected to attend each meeting in person.
- The agenda for meetings is drawn up with input from the Chairman, the Chief Executive Officer and senior executives. Directors are free to nominate matters for inclusion on the agenda for each meeting.
- Material for Board meetings is circulated to the Directors in advance.
- The Board may invite such persons as it wishes to attend its meetings.
- The Board may conduct meetings by telephone or video conference.
- Circular resolutions which have been approved must be noted at the Board meeting immediately following their approval.

### **5.2 Meeting minutes**

- Proceedings of all meetings are minuted. Draft minutes will generally be prepared within one month of the meeting.
- Minutes of all Board meetings are circulated to Directors, approved by the Board at the subsequent meeting, or earlier, and then signed by the Chairman of the meeting.

### **5.3 The Chair**

- The Board will appoint one of its members to be Chair.

- It is intended that the Chair should be an independent Non-executive Director.
- The Chair represents the Board to the shareholders and communicates the Board's position.
- The Chair is responsible for the leadership of the Board, setting the agenda of the Board, conducting Board meetings in consultation with the Chief Executive Officer and Company Secretary, ensuring that an accurate record of the minutes of board meetings is held by the Company, conducting shareholder meetings (including annual general meetings) and providing guidance to the Chief Executive Officer.
- The Chair must be able to commit the time to discharge the role effectively.
- The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.
- In the event that the Chair is absent from a meeting of the Board then the Board shall appoint a Chair for that meeting in an acting capacity.

#### **5.4 The Company Secretary**

- The Board will appoint at least one Company Secretary.
- The Company Secretary is accountable to the Board.
- The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.
- All Directors will have direct access to the Company Secretary.

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## **7 Confidentiality**

- In order to enable full and frank discussions, all discussions at meetings of the Board are to be considered confidential and are not to be disclosed outside of the meetings except:
  - to the extent required by the *Corporations Act 2001* (Cth), the ASX Listing Rules, the Constitution; or
  - approved by the Board.

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## **6 Review of Board Performance and Charter**

- The Board will conduct a review of its performance relative to this Charter at least once a year.
- The Board will review this Charter at least once a year to ensure it remains consistent with the Board's objectives and responsibilities.
- This Charter will be available on the Company's website.

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## **7 Approved and Adopted**

This Charter was approved and adopted by the Board in February 2023.

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## **Annexure 1 – Guidelines of The Board of Directors – Independence of Directors**

Part 2 of the Company's Board Charter refers to the 'independence' of directors.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of directors.

In general, directors will be considered to be 'independent' if they are not members of management (a non-executive director) and they:

- are not material shareholders of the Company, or officers of, or otherwise associated directly or indirectly with, material shareholders of the Company;
- have not within the last 3 years been employed in an executive capacity by the Company or another group member;
- were not appointed as a director of the Company within 3 years of ceasing to be employed in an executive capacity by the Company;
- except in connection with reorganisations within the Group, have not within the last 3 years been a principal or employee of a material professional adviser or a material consultant to the Company or another group member;
- are not a material supplier to or customer of the Company or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company or another group member, other than as a director of the Company; and
- are free from any interest, 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 the Company.

### **Materiality thresholds**

The Board will consider thresholds of materiality for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular director should be reviewed by the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the director's ability to act in the best interests of the Company.