

HIGHFIELD RESOURCES LIMITED

BOARD CHARTER

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BOARD CHARTER

1. Purpose

1.1 This Board Charter sets out how Highfield Resources Limited and its subsidiaries (The Group) is governed and the role and responsibilities of the Board of Highfield Resources Limited.

2. Role of the Board

2.1 The Board is responsible for the protection and enhancement of long-term shareholder value. This includes responsibility for corporate governance policies and practice adopted by the Group.

2.2 The Board is responsible for the provision of the overall strategic direction for the Group and to guide and monitor the business and affairs of the Company on behalf of its shareholders by whom it is elected and to whom it is accountable.

2.3 The Board operates under the Company's Constitution, from which it derives its ultimate authority.

3. Responsibilities of the Board

The Board is responsible for:

3.1 Strategy

- Formulating the Group's strategic direction, objectives and goals.
- Reviewing and approving strategic plans, capital investments and corporate objectives consistent with the corporate strategy.
- Monitoring the implementation of and performance against the strategic plans.

3.2 Management Oversight

- Identifying and appointing Directors to the Board.
- Appointing members to Board Committees, including the Audit, Business Risk and Compliance Committee and the Remuneration Committee.
- Reviewing the performance of the Board, its Committees and Directors.
- Appointing and reviewing the Managing Director's performance.
- Ratifying the appointment of and, if appropriate, removing executives reporting to the Managing Director, including the Chief Financial Officer, Company Secretary and Chief Operating Officer.
- Implementing Succession Plans for key executive appointments.
- Approving corporate remuneration policies and practice, including Company Incentive Plans.
- Approving the appointment of Consultants to help the Board carry out its functions, as deemed necessary.
- Monitoring the performance and remuneration of key executives against measurable and qualitative objectives.

3.3 Shareholders and Stakeholders

- Reviewing the effectiveness of shareholder communications, and compliance with the Company's Shareholder Communication Policy.
- Reporting to shareholders in accordance with the Corporations Act and other legislative requirements.
- Reviewing and approving the release of significant announcements made to the Australian Securities Exchange.
- Approving and monitoring compliance with the Company's disclosure obligations and compliance with the Company's Disclosure Policy.

3.4 Ethical Standards and Diversity

- Defining and promoting ethical behaviour and standards within the Company.
- Approving and monitoring compliance with the Company's Code of Conduct and Ethics.
- Approving and monitoring compliance with the Company's Diversity Policy.

3.5 Financial and Operational Oversight

- Approving capital management plans and decisions, including capital structures, financing arrangements and dividend policy.
- Approving business plans and budgets.
- Delegating appropriate levels of authority to management, in particular the Managing Director and executives reporting to the Managing Director.
- Monitoring the financial and operational performance of the Company on an on-going basis.
- Approving the Company's annual and half-yearly financial reports.
- Overseeing the Company's accounting and financial management systems and procedures, including the adequacy of its internal control systems and procedures, and recommendations from the Company's Audit, Business Risk and Compliance Committee.

3.6 Corporate Governance & Risk Management

- Recommending to the shareholders the appointment and removal of the Company's external auditor, including terms and conditions of appointment and remuneration.
- Approving and overseeing the Company's risk management strategy.
- Approving, ratifying and monitoring the Company's written policies, codes and procedures governing compliance, risk management and operational oversight.

4. Composition

4.1 The Board determines its size and composition within the limits provided by the Company's Constitution. In considering appropriate members for the Board it will look for a mix of skills, personal qualities, expertise and diversity which will compliment the Company's business.

The Company's Constitution provides for a minimum of three and a maximum of seven Directors.

4.2 The Board will regularly consider the appointment of an appropriate number of independent Directors with the intention that, as soon as practicable, there should be a majority of independent Directors.

4.3 The quorum for a meeting of the Board will be two Directors.

4.4 Directors must retire from office in accordance with the Company's Constitution.

4.5 In-line with ASX Guidelines, the Board considers a Director to be independent if the Director complies with the following criteria:

- Should not have any business dealing which could materially affect their independent judgement.
- Has not been in an executive or advisory capacity to the Company in the last three years.
- Does not have a material contractual relationship with the Company other than as a Director.
- In not a material customer of or supplier to the Company.
- Is not a substantial shareholder or associated with a substantial shareholder of the Company.

In each case, the materiality of the interest, position, association or relationship needs to be assessed as to whether it might interfere with a Director's capacity to bring an independent judgement and to act in the best interests of the entity and its shareholders.

Composition (continued):

4.6 Directors must at all times act in accordance with legal and statutory requirements, and properly discharge all their duties as Directors.

In doing so, Directors must:

- Discharge their duties in good faith, for a proper purpose and in the Company's best interest;
- Act with care and diligence and with a level of skill expected of a director of a public listed company;
- Avoid conflicts of interest, except as permitted by law and with proper disclosure where a conflict arises;
- Not take improper advantage of their position as director;
- Undertake appropriate and necessary enquiry in respect of the Company's business;
- Provide all necessary information required by Corporations Law, including relevant ASX disclosures.

5. Board Process

5.1 The Board will meet formally not less than eight times each year.

5.2 The Board will also meet whenever necessary to deal with urgent matters that may arise between scheduled meetings.

5.3 Directors are entitled to attend all committee meetings of the Board and receive committee papers and minutes of committee meetings.

5.4 The Board, with the approval of the Chairman (which will not be unreasonably withheld), may invite other attendees to attend Board meetings as required to assist the Board with its deliberations.

5.5 The Board will maintain minutes of all its meetings, which will be provided to the Board.

Board Process (continued):

5.6 Directors are committed to collective decision making and should endeavour to reach a consensus decision on all matters requiring Board approval. Where a consensus decision is not able to be made, the decision of the Board will be determined by a majority of votes of Directors present and voting at the meeting. Subject to the Corporations Act, each Director has one vote.

In case of an equality of votes, the Chairman does have a second or casting vote in addition to a deliberative vote, except for the following circumstances:

- At a meeting of the Board at which only two Directors are present.
- On the vote on a question to be decided on which only two Directors are competent to vote.

5.7 Meetings of Directors may be held by communicating with each other using any technological means agreed to by Directors – Directors need not be physically present in the same place.

5.8 Directors have the right of access to all relevant Company information and to the Company's management.

5.9 Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

6. Chairman

The Board will select one of its members to be Chairman.

6.1 The Board will develop a plan for the succession of the Chairman, and will periodically evaluate the plan.

6.2 The Chairman is responsible for leading the Board and ensuring that it is operating to the highest governance standards, including encouraging a culture of openness and debate to foster a high-performing and collegial team of Directors that operates effectively.

6.3 In leading the Board, the Chairman will focus on ensuring strategic issues and shareholder views are regularly reviewed, clearly understood and underpin the work of the Board, facilitating the relationship between the Board and the Managing Director, and ensuring the provision of accurate, timely and clear information.

Chairman (continued):

6.4 The Chairman will set the agenda for each meeting in consultation with the Managing Director and the Company Secretary, ensuring time is available for discussion. Any Director may request that an item be added to the agenda.

6.5 The Chairman has authority to act and speak for the Board between its meetings, including engaging with the Managing Director, and conducting the monitoring of activities. The Chairman will report to the Board and Committee Chairman as appropriate on decisions and actions taken between meetings of the Board.

7. Secretary

7.1 The Company Secretary is accountable to the Board and his or her appointment and removal is a matter for the Board as a whole.

7.2 The Company Secretary will advise the Chairman, and through the Chairman, the Board and individual Directors on all matters of governance process.

7.3 The Company Secretary's advice and services shall be available to all Directors and Committees.

7.4 The Company Secretary will retain independent advisory services at the request of the Board or Committees.

7.5 The Company Secretary will develop and maintain the information systems and processes that are appropriate for the Board to fulfil its role and to achieve the objectives of the Company.

8. Performance

8.1 The Board will at least annually evaluate its performance and the performance of its committees and individual Directors to determine whether or not it is functioning effectively by reference to the Charter and current best practice.

8.2 This Board Charter will be reviewed annually by the Board to ensure that it remains relevant to the Company's business operations and its changing business requirements.

9. Publication of Charter

9.1 The key features of this Charter will be outlined in Highfield Resources Limited's Corporate Governance Statement annually.

9.2 This Charter will be made available to Highfield Resources Limited's shareholders on request.

9.3 A copy of this Charter will be made available on Highfield Resources Limited's website.