

1 Role

The Board's primary role is to represent shareholders and to promote and protect the interests of **Breaker Resources NL** by governing the Company.

2 Composition

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

Election of Board members is substantially the province of the shareholders in general meeting however, subject thereto, the Company is committed to the following principles:

- a) The Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- b) The principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

It is a priority of the Board to achieve an appropriate balance between independent and non-independent representation. The Board will endeavour to ensure that there is a majority of independent directors at any time. In determining whether or not directors are independent, the Board applies the criteria as set out in the ASX Recommendations.

Where the Chair is not an independent director, the Company will appoint an independent director (or a director who does not have a conflict of interest) to take over the role of the Chair when the Chair is unable to act in that capacity as a result of his or her lack of independence.

The independent directors, along with all directors, are responsible for reviewing and challenging executive performance. They are also responsible for contributing to the development of strategy. The Board considers that a director is an executive if that director is involved in the day to day management of the Company.

3 Responsibilities of the Board and Management

To fulfil its role the Board is responsible for:

- a) Developing initiatives for profit and asset growth, setting strategic operational and financial objectives, and monitoring progress against these objectives;
- b) Acting on behalf of, and being accountable to, the shareholders;
- c) Identifying business risks and implementing actions to manage those risks and corporate systems to assure quality;

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- d) Reviewing the corporate, commercial and financial performance of the Company on a regular basis, including:
 - i. Overseeing the Company's commitment to the health and safety of employees and contractors, the environment and sustainable development; and
 - ii. Overseeing the activities of the Company, including its control and accountability systems;
- e) Appointing and removing the Managing Director, Company Secretary and other senior executives, evaluating their performance, reviewing their remuneration and ensuring an appropriate succession plan;
- f) Ensuring that there are effective corporate governance policies and practices in place;
- g) Approving and monitoring budgets, capital management and acquisitions and divestments;
- h) Approving and monitoring all financial reporting to the market;
- i) Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable);
- j) Appointment of external auditors and principal professional advisors; and
- k) Formal determinations that are required by the Company's constitutional documents or by law or other external regulation.

These responsibilities are designed to provide strategic guidance for the Company and effective oversight management. Beyond these matters, the Board has delegated all authority to the Managing Director (or equivalent) for management of the Company's business within any limits imposed by the Board.

4 Responsibilities of Individual Directors

4.1 The Chair

The Chair is responsible for leadership of the Board, the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chair is also responsible for monitoring shareholder communication, continuous disclosure compliance and Board performance.

4.2 The Managing Director

The Managing Director, or, if none has been appointed, the Executive Chairman, is responsible for running the affairs of the Company under delegated authority from the Board and for implementing the policies and strategy set by the Board. In carrying out those responsibilities, the Managing Director (or equivalent) must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

5 Process for Evaluating Board Performance

The Board may undergo periodic formal assessment processes, including assessment of the Board's committees, where applicable. An independent third party consultant may be used to facilitate the assessment.

An informal process of Board review is outlined in the *Nomination Committee Charter* (CO-CT-004).

6 Access to Independent Advice

Each director has the right, so long as they are acting reasonably in the interests of the Company and in the discharge of their duties as a director, to seek independent professional advice and recover the reasonable costs of that advice from the Company. The advice shall only be sought after consultation about the matter with the Chair (where it is reasonable that the Chair be consulted) or, if it is the Chair that wishes to seek the advice or it is unreasonable that they are consulted, another director. The advice is to be made immediately available to all Board members other than to any director against whom privilege is claimed.

7 Board Meetings

There must be two (2) directors present at a meeting to constitute a quorum. The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required. Non-executive directors may confer at scheduled times without management being present.

The Company Secretary shall distribute supporting papers for each meeting of the Board as far in advance as practicable. The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chair and circulated to directors after each meeting. Minutes of meetings must be approved at the next Board meeting.

Further details regarding Board meetings are set out in the Company's constitution.

8 The Company Secretary

When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committees and between senior executives and non-executive directors.

The Company Secretary is to:

- a) facilitate the induction of new directors;
- b) facilitate the implementation of Board policies and procedures; and
- c) provide advice to the Board on corporate governance matters, the application of the Company's constitution, the ASX Listing Rules and other relevant laws.

All directors have access to the advice and services provided by the Company Secretary. The Board has the responsibility for the appointment and removal of the Company Secretary.

9 Disclosure Policy

The Board should ensure that the Company has in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company or any listed debt securities. (Refer the *Continuous Disclosure Policy* (CO-PL-003).)

10 Materiality Threshold

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

10.1 Materiality – Quantitative

Balance sheet items

Balance sheet items are material if they have a value of more than 10% of pro-forma net assets.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

10.2 Materiality – Qualitative

Items are also material if:

- a) they impact on the reputation of the Company;
- b) they involve a breach of legislation;
- c) they are outside the ordinary course of business;
- d) they could affect the Company's rights to its assets;
- e) if accumulated they would trigger the quantitative tests;
- f) they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or
- g) they 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 10%.

10.3 Material Contracts

Contracts will be considered material if:

- a) they are outside the ordinary course of business;

- b) they contain exceptionally onerous provisions in the opinion of the Board;
- c) they impact on income or distribution in excess of the quantitative tests;
- d) there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests;
- e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- f) they contain or trigger change of control provisions;
- g) they are between or for the benefit of related parties; or
- h) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold (**Materiality Threshold**).