

## INTRODUCTION

The Board of Directors of Caeneus Minerals Ltd and its subsidiary is committed to protecting and enhancing shareholder value and conducting the company's business ethically and in accordance with good standards of corporate governance. The Company secretary will monitor the time table, conduct recordings of the proceedings at the board and committee meetings and ensure the application of this charter.

The Australian Stock Exchange Listing Rule 4.10, Disclosure of Corporate Governance Practices, in relation to Corporate governance matters generally, notes the following:

The governance of a listed entity rests to a large extent with its Board of Directors. For this reason, many statements of best practice in corporate governance concentrate on the structure boards should adopt and how they might perform their functions more effectively. Current practice and corporate governance guides suggest that, together with other specific information relevant to the entity, the following governance matters will be considered:

- The appropriate mix of executive and non-executive Directors.
- The independence of non-executive Directors.
- The oversight of the preparation of the entity's financial statements, internal controls, and the independence of the entity's auditors.
- The review of the compensation arrangements for the chief executive officer and other senior executives.
- The way in which individuals are nominated for positions on the Board.
- The resources that are made available to Directors in carrying out their duties.

An entity may establish Board Committees to examine various issues and make recommendations to the Board. These Committees can serve to implement and support the function of a Board in overseeing the management of an entity. Because of their smaller size, they are often able to consider matters more effectively than a full Board. Moreover, they can help to ensure that there is a greater involvement of non-executive Directors regarding matters in which executive Directors might face conflicts of interest (for example, the remuneration of senior executives, the selection of Board members, the audit of financial statements). There are three main types of Board Committees - the Audit Committee, the Remuneration (or Compensation) Committee, and the Nomination Committee.

The Board of Directors of the Company acknowledges its accountability to shareholders for creating shareholder value within a framework which protects the rights and interests of shareholders and ensures the Company is properly managed. The Board aims to achieve these objectives through the adoption and monitoring of strategies, plans, policies and performance as follows:

## **STRATEGY**

- Providing input into, and approval of, the Group`s strategic direction and budgets as developed by management.
- Monitoring and assessing the Group`s performance against strategic and business plans, and ensuring appropriate resources are available.
- Approving and monitoring capital management and major capital expenditure, acquisitions and divestments.

## **RISK MANAGEMENT & REPORTING**

- Identifying the principal risks of the Group`s business.
- Reviewing the Group`s systems of internal compliance and control, risk management and legal compliance and ensuring the integrity and effectiveness of those systems.
- Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the ASX and other stakeholders.

## **MANAGEMENT**

- Appointment and removal of the Chief Executive Officer, Chief Financial Officer, and the Company Secretary (Senior Executives).
- Ratifying the appointment and removal of Senior Managers
- Reviewing the appropriateness of the remuneration and conditions of service of senior executives.
- Establishing and monitoring executive succession planning.
- Delegating authority to the Chief Executive Officer.

## **PERFORMANCE**

- Approving criteria for assessing performance of senior executives and monitoring and evaluating the performance of senior executives.
- Undertaking an annual internal performance evaluation of itself that compares the performance of the Board with the requirements of this Charter, sets forth the goals and objectives of the Board for the upcoming year and effecting any improvements to this Charter considered necessary or desirable. Providing advice and counsel to Senior Executives.

## **CORPORATE GOVERNANCE**

- Ensuring ethical behaviour and compliance with the Group`s own governing documents, including the Group`s Code of Conduct.
- Evaluating the Company`s compliance with corporate governance standards.

## BOARD COMMITTEES

- Establishing the following Board Committees:
  1. Audit and Risk Management Committee; and
  2. Remuneration Committee.
- Adopting Charters setting out the membership, +responsibilities and reporting obligations of each Board Committee and evaluating the performance of the Board Committees.

## OTHER

- Evaluate Board processes and performances.
- Performing such other functions as prescribed by law.

## DIRECTORS PRACTICE AND ADHERENCE

In performing the responsibilities set out above, the Board should act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the Company`s Constitution and by law. The Board of Directors of the Company has resolved that the Company will strive to achieve a good standard of Corporate Governance. The Board subscribes to the Code and Conduct detailed in Appendix 2 and statement of Behaviour Standards - Standards Of Business Conduct as set out in Appendix 5.

## THE BOARD OF DIRECTORS

Sir Adrian Cadbury in his book "The Company Chairman" asks the question, "What are boards for?" and comments, "the Boards function is to set the companys aims and objectives, and to ensure that they are achieved. The Board is the top decision making body in the enterprise and is the source of authority for the managers who run its operations. The Board is appointed by the shareholders and is accountable to them for the companys progress. It is therefore the vital link between the owners and the managers of the company. The Board of the Company endorses that description of a Boards function and resolves to carry out its functions using the following mechanisms:

### 1. COMPOSITION OF THE BOARD

The Board composition is structured so that independent non-executive Directors are not in the minority on the Board. The Chairman plays a crucial role in ensuring that the Board works effectively. The Chairman is a non-executive Director maintaining a separation of the roles of Chairman and Chief Executive Officer. Details of the current Directors are set out in Appendix 1 to this charter. The Board presently comprises three Directors, but may be increased in accordance with the Companys Constitution, for example when additional expertise is required in specific areas.

### 2. CRITERIA FOR MEMBERSHIP

The Board reviews its composition on an annual basis to ensure the Board has the appropriate mix of expertise and experience and ability to represent the interests of all shareholders. In addition to technical expertise the Board aims to have members with high levels of intellectual ability, experience, soundness of judgment and integrity.

### 3. **NOMINATION OF DIRECTORS**

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 selects a panel of candidates with the appropriate expertise and will make use of consultants if deemed necessary. All Directors are elected by shareholders at the annual general meetings following their appointment and, thereafter, are subject to re-election at least once every three years. There is no maximum fixed term (assuming re-election) and no compulsory retirement age for non-executive Directors.

### 4. **CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR**

The Chief Executive Officer, who may also hold the office of Managing Director, is selected by the Board and is subject to annual performance reviews by the non executive Directors. The Chief Executive Officer recommends policy and strategic directions for Board approval and is responsible for the day-to-day operations of the Company. The Chairman and the Chief Executive Officer meet regularly to discuss business and strategic issues, and to set Board agendas.

### 5. **PERFORMANCE OF DIRECTORS**

The performance of all Directors is reviewed by the Chairman each year. Directors whose performance is judged to be unsatisfactory may be asked to retire.

### 6. **FREQUENCY OF MEETING**

The Board shall meet at least 6 times per year and hold as many additional meetings as required to properly carry out their function and as determined by the operations of the Company. Board meetings are normally scheduled to ensure all Directors can attend. The Company will develop a formal schedule of matters specifically reserved for decisions by the Board. The Board has the power to meet by use of telephone or video conference or circulating resolution if deemed appropriate. Each year at least one Board meeting is to be held in conjunction with a visit to Company operations to assist Directors in their review of the business.

### 7. **COMMITTEES**

The Board has established the following standing Committees: Audit & Risk Management Committee Remuneration Committee. The duties of these Committees are detailed later and membership of these standing Committees is specified in Appendix 1. The full board elects members and removes members of each committee established. The Company has decided that it is not necessary to establish a separate nomination committee. Given the board comprises six directors it has been decided that there are no efficiencies to be gained from forming a separate nomination committee. The current board members carry out the roles that would otherwise be undertaken by a nomination committee and each director excludes himself from matters in which he has a personal interest. Occasional or special purpose Committees will be established as required.

### 8. **INDEPENDENT PROFESSIONAL ADVICE**

Each Director has the right to seek independent, professional advice at the Company's expense, in furtherance of their duties as Directors. Prior written approval of the Chairman is required and will not be unreasonably withheld.

## 9. REMUNERATION

The remuneration for non-executive Directors is determined by the full Board within the maximum amount approved by the shareholders in general meeting from time to time. Retirement benefits for current non-executive Directors are considered on a case-by-case basis upon retirement; non-executive Directors appointed subsequent to 31 December 2008 do not receive retirement benefits. Non-executive Directors do not participate in any options or share plans that may be developed for Executives. No additional fees are payable to non-executive Directors for participation on Board sub-committees except in special circumstances as agreed by the Board. The Remuneration Committee undertakes an annual review of Directors fees drawing on suitable external advice to determine if they are appropriate and recommending any changes to the full Board. Non-executive Directors sponsored by major shareholders may elect to receive no remuneration. Full disclosure of all elements of directors remuneration is set out in the annual report, and as may be required from time to time.

## 10. ACCOUNTABILITY

The Board's prime responsibility is to ensure the Company's financial performance is satisfactory to its shareholders and to do so within a framework of practices and procedures appropriate to the Company. Those practices and procedures are not the goals; they are the borders within which the corporation's commercial activities can legitimately be conducted. Each Director exercises the degree of care and skill that a reasonable person in a like position in a corporation would exercise in the corporation's circumstances.

## 11. STATUTORY OBLIGATIONS

The members of the Board acknowledge the responsibilities imposed upon them by: Corporations Act (including Continuous Disclosure Obligations) ASX Listing Rules (including Continuous Disclosure Obligations) Mining Act Common Law Industrial Law Environmental Law Occupational Health & Safety Law and that the Company will at all times operate within the law and take appropriate legal advice in advance of action whenever there is uncertainty as to the most appropriate course of action.

## 12. DIRECTORS DUTIES

The Board keeps in mind that as stewards for the shareholders, they have a duty to communicate to those shareholders the Board strategies that have been decided upon and the progress towards achieving the related goals. Directors are appointed with the aim of the Company achieving the financial or other goals sought by its investors. In addition, the Company takes into account the interests of its employees, customers, suppliers and the communities in which it operates.

## 13. ETHICAL STANDARDS

The Board has adopted a Code of Conduct for Directors (Appendix 2) and a policy Behaviour Standards - Standards Of Business Conduct (Appendix 6) setting out parameters for ethical behaviour and business practices for Directors, employees and contractors.

#### 14. SHARE TRADING

Persons in possession of confidential information that may materially affect the Company's share price are not permitted to buy or sell shares. By extension, trading in shares by any Director or employee of the Company within the period between the close of each financial quarter and the release of quarterly results by the Company requires the approval of the Chief Executive Officer or Chairman before any trading is conducted or the entry into share trading agreements, whether on market or off market. At all times, trading in securities of the Company by senior executives may only be conducted with the full knowledge and approval of the CEO of the Company. Trading in securities of the Company by Directors of the Company may only be conducted with the full knowledge and approval of the Chairman of the Board of Directors. The approval of the CEO or Chairman must be received before trading commences or before the entry into any agreements relating to the sale or purchase of securities in the Company.

#### 15. COMMUNICATION

Communications with stakeholders are given a high priority. In addition to statutory documents such as Annual and Quarterly reports, the Board is committed to keeping all stakeholders informed in a timely manner, of all material developments that affect the Company. The Company adheres to policy and procedures as required in the ASX listing rules on continuous disclosure. Once the Board or Management becomes aware of information concerning the Company that would be likely to have a material effect on the price or value of the company's securities (and which does not fall within the exceptions to the disclosure requirements contained in the Listing Rules), that information is released to the ASX. The Board has appointed the Company Secretary or the CEO as the person responsible for communication to ASX. All Company announcements, presentations or other briefings are posted on the company's website after release to the Australian Stock Exchange. The Board also endorses full and regular communication with and between Directors, the Chief Executive Officer, the Company Secretary, Senior Executives, the external Auditors and other Professional Advisers, Shareholders and other significant stakeholders. The Board also ensures the Company Secretary maintains a good, open and frank relationship with the ASX and the ASX Company advisor to ensure compliance and full disclosure. Full use is made of annual general meetings to inform shareholders of current developments through appropriate presentations and to provide opportunities for questions.



## DUTIES OF COMMITTEES

### 1. AUDIT & RISK MANAGEMENT COMMITTEE

The Audit & Risk Management Committee is comprised of Non Executive Directors and operates under a charter adopted by the Board of Directors (Appendix 3) to ensure that an effective system of reporting, internal control and risk management is in place to present a true and fair statement of the Company's financial position. The present members of the Committee are specified in Appendix 1. The Committee's role is to review and monitor internal financial controls and procedures to ensure they are adequate and effective to minimise material financial, operating, and environmental risks; review and assess the adequacy of compliance with all regulatory requirements and generally accepted accounting principles; review the scope and effectiveness of the internal and external audit functions and to review findings and issues brought to its attention and to report to the Board on appropriate actions; and to review the appointment, performance and remuneration of external auditors. The Audit & Risk Management Committee meets with the external auditors and senior executives to review the half yearly and annual financial statements and report as well as specific issues or matters which may arise from the internal and external audit process. The Audit & Risk Management Committee reports to the Board after each Committee meeting.

### 2. REMUNERATION COMMITTEE

The Remuneration Committee is comprised of Non Executive Directors and operates under a charter adopted by the Board of Directors (Appendix 4). The present members of the Committee are specified in Appendix 1. The role of the Remuneration Committee is to review and determine on the basis of independent external advice, the remuneration of the Managing Director; review and ratify CEO recommendations on the remuneration of senior executives and senior management; review performance based targets set for each forthcoming year and the procedures for executive remuneration, performance appraisal, recruitment and termination; determine the fees payable to the Chairman and other non-executive Directors in accordance with industry standards and external advice; and to review short and long term incentive based schemes including any Option and/or Employee Share Plans. The Remuneration Committee reports to the Board after each Committee meeting.

## APPENDIX 1: BOARD OF DIRECTORS

	Audit and Management Committee	Remuneration Committee
Peter Christie	Yes	Yes
Mr Johnathon Busing	Yes	Yes
Mr David Sanders	Yes	Yes

## APPENDIX 2: BOARD OF DIRECTORS - CODE OF CONDUCT

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.
- A Director must not make improper use of information acquired as a Director.
- A Director must not take improper advantage of the position of Director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors. Confidential information received by a Director in the course of the exercise of directional duties remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the Company.
- A Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

## APPENDIX 3: AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

### MEMBERSHIP

The Committee will comprise at least three members. All members will be members of the Board of Directors. The Chairman of the Committee shall be a non " executive Director of the Company and not the Chairman of the Board of Directors. The Chief Executive Officer and Chief Financial Officer will be invited to attend Committee meetings. Members of the Committee shall be appointed for an initial three-year term of office after which their appointment may be subject to annual rotation.

### SECRETARIAL AND MEETINGS

The Company Secretary shall be appointed secretary of the Committee. The secretary, in conjunction with the Committee Chairman, shall draw up an agenda which shall be circulated at least one week prior to each meeting to the members of the Committee and the external auditors. The Committee Chairman will call a meeting of the Audit Committee if so requested by any Committee member or the Chief Financial Officer. The external auditors shall have a right to attend Audit Committee meetings by invitation. Meetings shall be held at least twice a year.



## RESPONSIBILITIES

### THE AUDIT & RISK MANAGEMENT COMMITTEE SHALL CONSIDER:

- 1.any matters relating to the financial affairs of the Company and its controlled entities and to internal and external audit that it considers necessary;
- 2.the identification and monitoring of the financial, business and operational risks of the Company and the effective administration of a risk management program; and
- 3.any other matters referred to it by the Board.

### The duties of the Audit & Risk Management Committee are as follows:

#### 1. AUDIT

Reviewing internal and external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management.Reviewing financial statements and other financial information distributed externally;Reviewing the nomination, performance and remuneration of the external auditors;Liaising with the external auditors and ensuring that the annual and half-year statutory audits are conducted in an effective manner;Monitoring the procedures in place to ensure that the entity is in compliance with the Corporations Law, StockExchange Listing Rules and other legislative and reporting requirements;Reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between the corporation and members of management;Reviewing related party transactions and considering the adequacy of disclosure of those transactions in the financial statements;

#### 2. RISK MANAGEMENT

- Monitor and assess the risk exposure of the Company
- Prepare written summaries of risks identified, an estimate of their impact and likelihood of occurrence;
- Review Treasury policy and procedures;
- Review and approval of hedging strategies;
- Review of insurance cover including the adequacy of the insurance cover;
- Review of Occupational Health & Safety procedures and compliance;
- Review of Environmental protection procedures and compliance;
- Review and development of effective risk management strategies.

The Audit & Risk Management Committee shall have the authority to seek any information it requires from any office or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries. The Audit & Risk Management Committee is authorised to take such independent professional advice as it considers necessary, to assist the Committee in undertaking its duties.

The Chairman of the Audit & Risk Management Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of the Board.

## APPENDIX 4: REMUNERATION COMMITTEE CHARTER

### MEMBERSHIP

All members will be members of the Board of Directors. The Committee Chairman shall be a non - executive Director of the Company.

The Chief Executive Officer will be invited to attend Committee meetings as required.

Members of the Committee shall be appointed for an initial three-year term of office after which their appointment may be subject to annual rotation.

### SECRETARIAL AND MEETINGS

The Company Secretary shall be appointed Secretary of the Committee. The Secretary, in conjunction with the Committee Chairman, shall draw up an agenda which shall be circulated at least one week prior to each meeting to the members of the Committee.

The Committee Chairman will call a meeting of the Remuneration Committee if so requested by any Committee member or the Chief Executive Officer.

Meetings shall be held at least once a year.

### RESPONSIBILITIES

The Remuneration Committee is responsible for reviewing remuneration policies and practises of the Company, including those of the CEO and Senior Executives to ensure that they meet current market conditions.

### THE DUTIES OF THE REMUNERATION COMMITTEE ARE AS FOLLOWS:

- review and determination on the basis of independent external advice, the remuneration of the Managing Director for presentation to the full board;
- review and ratification of CEO recommendations on the remuneration of Senior Executives and Senior management. For the avoidance of doubt, the remuneration all other employees will be set by the CEO with a report presented to the Board as part of the yearly budget process;
- review of performance based targets set for each forthcoming year and the procedures for executive remuneration, performance appraisal, recruitment and termination.
- determination of the fees payable to the Chairman and other non-executive Directors in accordance with industry standards and external advice;
- review of short and medium term incentive based schemes including the Companys Employee Share and Option Plans;
- ensure compliance with statutory remuneration reporting requirements; and

The Remuneration Committee is authorised to take such independent professional advice as it considers necessary.

The Committee Chairman shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of the Board.

## **APPENDIX 5: BEHAVIOUR STANDARDS - STANDARDS OF BUSINESS CONDUCT**

### **PURPOSE**

The purpose of this procedure is to set down the expectations and standards which the Company sets in its business dealings and conduct of business both internally and externally

### **SCOPE**

This policy applies to all employees of the Company.

### **POLICY**

The business affairs of the Company shall at all times be conducted in accordance with the law and appropriate ethical standards. It is the responsibility of all employees to ensure that they act in accordance with this principle.

### **PROCEDURE**

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- 1. Compliance With the Law**
- 2. Office Security**
- 3. Inside Information and share trading**
- 4. Proprietary Information**
- 5. Computer Security**
- 6. Privacy Conflicts of Interest**
- 7. Improper Payments**
- 8. Gifts and Gratuities**
- 9. Accounts and records**

### **A) COMPLIANCE WITH LAW**

Company policy requires that the Company complies with the laws in force affecting the business conduct of the Company.. Where there is any doubt, advice should be sought.

### **B) OFFICE SECURITY**

To prevent the loss or unwarranted release of valuable or sensitive information, employees shall ensure that such material is not open to general viewing and is kept secure when not in use. Sensitive material should not be removed from the office without prior approvals.

## **C) INSIDE INFORMATION AND SHARE TRADING**

The use of information which is not public and which concerns activities or plans of the Company (inside information) for personal gain by Directors and employees of the Company is specifically prohibited. In addition, using inside information for personal gain is generally also prohibited by legislation and can lead to penalties including imprisonment. This is the case, for example, in regard to dealings in any Company securities by any person in possession of non-public price sensitive information concerning the Company. Persons in possession of confidential information that may affect the Company's share price are not permitted to buy or sell shares. By extension, trading in shares by any Director or employee of the Company within two weeks before release of quarterly results by the Company requires the approval of the Chief Executive Officer or Chairman before any trading is conducted or the entry into share trading agreements, whether on market or off market. At all times, trading in securities of the Company by senior executives may only be conducted with the full knowledge and approval of the CEO of the Company. Trading in securities of the Company by Directors of the Company may only be conducted with the full knowledge and approval of the Chairman of the Board of Directors. The approval of the CEO or Chairman must be received before trading commences or before the entry into any agreements relating to the sale or purchase of securities in the Company.

## **D) PROPRIETARY INFORMATION**

As a result of exploration research and development of the operations, there is a considerable body of valuable information which is regarded as confidential. This sensitive information may be of a technical or commercial nature, it is important to the Company's short and long term interests, and to comply with obligations to joint venturers, that all such information remains confidential. Approval would normally be granted where, for example, an employee wished to publish a paper containing research results and either the contents were not regarded as confidential or legal protection had been sought. In the course of employment an employee may develop or participate in the development of new processes or procedures which will be used by the Company, or an employee may have access to such results. Intellectual property rights in all such work and the information thereby generated is and remains the property of the Company both during and subsequent to the period of employment.

## **E) COMPUTER SECURITY**

Computer based data and information is a vital Company resource. As such, all Directors and employees must at all times be aware that they are responsible for adequately protecting the data from accidental or unauthorised access, disclosure, modification or deletion. Computer resources are to be used only for authorised Company purposes and not for personal use. External software that has not been verified and authorised must not be used.

## **F) PRIVACY**

Requests from outside organisations, eg. banks, finance firms and life assurance offices, for information relating to employment records, credit and personal references, current salaries and addresses will only be acceded to with the employees consent.

## **G) CONFLICTS OF INTEREST**

Directors and employees should not engage in activities or hold property which would involve a material conflict of interest and which might thus inhibit or appear to inhibit impartial business judgement.

## **H) IMPROPER PAYMENTS**

Any payment made to a third party, such as an agent or a consultant, in connection with the obtaining of any order or benefit for the Company shall be no more than an amount which by normal commercial standards would be properly and openly payable for the services rendered by the third party. Any payment in the nature of a bribe or kick-back is contrary to policy and is prohibited.

## **I) GIFTS AND GRATUITIES**

Employees shall not give or receive monetary or other gifts, personal favours or gratuities in connection with the business of the Company, except, in appropriate cases, items of nominal value and reasonable and authorised business related expenditure for entertainment.

## **J) ACCOUNTS AND RECORDS**

All transactions of the Company shall be properly entered in the corporate records and accounts and no false, misleading or artificial entries shall be made for any reasons.

