

Macarthur Minerals Limited

CORPORATE GOVERNANCE CHARTER

October 2019



Contents

DEFINITIONS	1
1. GENERAL	2
2. SUPPORTING DOCUMENTS	2
3. ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT	3
a.Functions, powers and responsibilities of the Board and Management	3
b.Evaluating Performance of Management	3
4. STRUCTURE OF THE BOARD	3
a.Board Charter	3
b.Composition of the Board	3
c.Determining Independence	3
d.The Chairperson	5
e.Chief Executive Officer	5
f.Evaluating Performance of Directors	5
g.Induction Program	5
5. COMPANY CODE OF CONDUCT	6
6. DIVERSITY	6
a.Diversity Policy	6
b.Disclosure on Diversity	6
7. AUDIT AND RISK COMMITTEE	6
a.Purpose of the Audit and Risk Committee	6
b.Structure of the Audit and Risk Committee	7
8. COMMUNICATIONS AND DISCLOSURE	7
a.Communication Policy and Continuous Disclosure Policy	7
b.Disclosure Controls and Procedures Framework	7
9. RISK MANAGEMENT	8
a.Risk Management Framework	8
b.Internal Controls over Financial Reporting	8
10. REMUNERATION AND NOMINATION COMMITTEE	8
a.Purpose of the Remuneration and Nomination Committee	8
b.Structure of the Remuneration and Nomination Committee	8

MACARTHUR MINERALS LIMITED
AND ITS SUBSIDIARIES
(THE “COMPANY” OR “MACARTHUR”)
CORPORATE GOVERNANCE CHARTER
Reviewed and Updated as at 8 October 2019
DEFINITIONS

ASX	the Australian Securities Exchange ASX Limited ABN 98 008 624 691 or the financial exchange market it operates (as context requires).
Board	Board of Directors of the Company.
Certifying Officers	CEO and Chief Financial Officer.
CEO	Chief Executive Officer of the Company or the Managing Director
Chairperson	Chairperson of the Board of the Company.
Company Constitution	Macarthur Minerals Limited (ACN 103 011 436) and its subsidiaries. the articles of the Company.
Code	the Code of Conduct set out in Section 5 which broadly outlines the way in which the Company wishes to conduct its business and guide the affairs of Macarthur.
CGPR	the <i>Corporate Governance Principles and Recommendations 4th Edition</i> issued by the ASX Corporate Governance Council in February 2019 as amended or replaced from time to time.
Corporations Act	the <i>Corporations Act 2001</i> (Cth) as amended or replaced from time to time.
Director	An executive and/or non-executive director of the Company.
Exchange Rules	the rules of the TSX and/or the ASX as amended or replaced from time to time.
Independent Director	a Director who has a sufficient level of independence to the Company, determined in accordance with Section 2c of this document.
Macarthur	Macarthur Minerals Limited (ACN 103 011 436) and its subsidiaries.
Management	the executive Directors and senior management of the Company.
National Instrument	Nationally adopted instruments and guidelines that govern securities markets in Canada.
TSX	the Toronto Stock Exchange.

1. GENERAL

Good corporate governance ultimately requires people to act honestly. Personal integrity cannot be regulated. However, investor confidence can be enhanced if the Company has a good foundation of acceptable conduct.

This document sets out the main principles adopted by the Board in order to implement and maintain a culture of good corporate governance both internally and in relations to dealings with third parties.

The Board is committed to administering policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. The matters set out in this document are subject to the Corporations Act, Canadian National Instruments, the Constitution and the rules of any exchanges that the Company is listed on.

The purpose of preparing and disclosing the matters set out in this document is to:

1. Formalise procedures to ensure the Company, the Board and its Employees act in a transparent and appropriate manner in their respective internal and external dealings;
2. Ensure that appropriate checks, balances and procedures are in place to monitor the operations of the Company and those charged with its management; and
3. Provide shareholders with a transparent method to evaluate the performance of the Company from a corporate governance perspective.

In preparing and implementing these strategies, the Company and Board are mindful of the CGPR and the National Instruments.

2. SUPPORTING DOCUMENTS

This Corporate Governance Charter should be read in conjunction with and the following documents (which are incorporated by reference):

4. Constitution;
5. Board Charter;
6. Audit and Risk Committee Charter;
7. Remuneration and Nomination Committee Charter;
8. Code of Conduct;
9. Whistleblower Policy;
10. Share Trading Policy;
11. Communications Policy;
12. Continuous Disclosure Policy;
13. Diversity Policy;
14. Anti-Bribery and Corruption Policy;
15. Disclosure Controls and Procedures Framework ("DC&P");
16. Internal Controls Over Financial Reporting Framework ("ICFR");
17. National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings;
18. National Policy 58-201 – Corporate Governance Guidelines;

19. National Instrument 52-110 – Audit Committees; and
20. ASX Corporate Governance Council Principles and Recommendations (“CGPR”).

3. ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

a. Functions, powers and responsibilities of the Board and Management

The Directors are responsible for the stewardship of the business and affairs of the Company on behalf of shareholders by whom they are elected and to whom they are accountable. Together, the Directors form the Board which, in accordance with the Constitution, is responsible for the management and the ultimate control of the business and affairs of the Company.

Generally, the powers and obligations of the Board are governed by the Corporations Act, the Constitution and the Board Charter.

Responsibilities of the Board, Chairperson, CEO, Management and the Company Secretary are outlined in the Board Charter.

The Constitution, amongst other things, outlines the Directors’ powers and duties.

b. Evaluating Performance of Management

Management is evaluated in accordance to the Board Charter.

4. STRUCTURE OF THE BOARD

a. Board Charter

The Company has a Board Charter which operates in conjunction with the Constitution, outlining the composition of the Board, its responsibilities, how the Board interacts with the Committees and Management and the evaluation of performance of the Board, Directors and Management.

A copy of the Board Charter will be made available on the Company’s website.

b. Composition of the Board

The structure of the Board is determined where practicable given the size and the nature of the operations of the Company, in accordance with the National Instruments and the CGPR.

The Constitution sets out the rules surrounding appointment of Directors, their remuneration, disclosure obligations, powers and duties and the proceedings at meetings.

In an effort to ensure that the Board comprises of members with a broad range of experience, expertise and skills relevant to the Company, the Board considers the guidelines set out under the Remuneration and Nomination Committee Charter, when appointing new Directors.

c. Determining Independence

The Directors will all act with independent judgement.

A Director must advise the Chairperson (or, in the case of the Chairperson, a member of the Remuneration and Nominations Committee) at the earliest opportunity if there is a change in their interests, positions, associations or relationships that could bear on their independence.

CGPR – Principle 2

In assessing the independence of the Directors, the Company has referred to Principle 2.3 of the CGPR, which provided examples of interest, positions, associations and relationships that might cause doubts about the independence of a director include if the director:

1. is, or has been employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving the Board;
2. received performance-based remuneration (including options or performance rights) from, or participates in an employee share scheme of, the entity;
3. is or has been with in the last three years, in a material business relationship (e.g. as a supplier, professional advisor, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
4. is, represents or has been within the last three years an officer or employee of, or professional advisor to, a substantial holder;
5. has close family ties with any person who falls within any of the categories described above; or
6. has been a director of the entity for such a period that his or her independence from management and substantial holders may have been compromised.

When considering whether a Director is an Independent Director, the materiality of such interest, position, association or relationship must be assessed to determine whether it might influence, or might reasonably be perceived to influence, in a material respect, the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

CGPR Recommendation 2.3b states that if a director has an interest, position, association or relationship as described above but the Board is of opinion that it does not compromise the independence of the director, the nature of interest, position, association or relationship in question and an explanation of why the Board is of that opinion, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion should be disclosed. In forming such an opinion, the Board would need to be satisfied that the interest, position, association or relationship would not interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than the interests of an individual security holder or other party.

National Instrument 52-110 – Audit Committees

The Company also referred to the National Instrument 52-110 – Audit and Risk Committees regards an Independent Director as someone who:

1. is not (and his or her immediate family members were not) a partner or employee of a firm that is the Company's internal or external auditor and has not been a partner or employee of such firm within the last three years that personally worked on the Company's file during such time;
2. within the last three years has not (and his or her immediate family members have not) been an executive officer of an entity if any of the Company's current executive officers serves or served at the same time on such entity's compensation committee;
3. has not (and his or her immediate family members, who were employed as executive officers of the Company, have not) received more than \$75,000 in direct compensation (other than compensation received solely for acting on the Board or any Committee or in relation to fixed amounts under a retirement or other deferred compensation plan for prior service where such compensation was

- not contingent on continued service) from the Company during any 12 month period within the last three years;
4. has not accepted, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or its subsidiaries, other than as remuneration for acting in his or her capacity as a member of the Board or any Committee, or as a part-time chair or vice-chair of the Board or any Committee;
 5. has no direct or indirect material relationship, being a relationship which could in the view of the Board, be reasonably expected to interfere with the exercise of the Director's independent judgment, with the Company;
 6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
 7. 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 the Company.

d. The Chairperson

The Chairperson is responsible for leadership of the Board and for efficient organisation and conduct at the Board function. The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between the Board and Management.

Principle 2.5 of the CGPR and also the National Instrument 58-201 – Corporate Governance Guidelines stipulate that the Chairperson of the Board should be an independent director and where this is not appropriate, an independent director should be appointed to act as “lead director”. However, either an independent chair or an independent “lead director” should act as an effective leader of the Board and ensure that with Board's agenda will enable it to successfully carry out its duties.

e. Chief Executive Officer

The CEO is responsible for running the day-to-day affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board. In carrying out his/her responsibilities, the CEO 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 position and operating results.

The CEO (together with the Chief Financial Officer) shall be required to state in writing to the Board that the financial reports of the Company represent a true and fair view in all material respects, of the Company's financial conditions and operating results and accord with relevant accounting standards and will, together with the chief financial officer execute the certificates required in accordance with National Instruments and Corporations Act.

f. Evaluating Performance of Directors

Board performance, committee performance and non-executive Directors are evaluated in accordance to the Board Charter.

g. Induction Program

On their first appointment, Directors will have the benefit of an induction program aimed at deepening their understanding of the Company, its activities and the business, environment and markets in which the Company operates. As part of the program Directors will receive a manual of essential Board and Company information and will be given briefings by Management.

5. COMPANY CODE OF CONDUCT

The Company's Code of Conduct aims to foster a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the Directors, Management, Employees, consultants and contractors of Macarthur in carrying out their roles for the Company. Through this Code, Macarthur seeks to encourage and develop a culture of professionalism, honesty and reasonability in order to maintain and enhance our reputation as a valued employer, business operation and upstanding "corporate citizen".

The Code is designed to broadly outline the ways in which the Company wishes to conduct its business and guide the affairs of Macarthur. The Code does not cover every possible situation that they may face, but is intended to provide them with a guide to taking a commonsense approach to any given situation, within an overall framework. Employees are encouraged to consult with the Company Secretary for direction on specific issues of conflict or potential conflicts.

The Board and Management are committed to the Code and have aligned the Code with the objectives of the Company, its core values and its views about the expectations of shareholders, employees, customers, suppliers, creditors, consumers and the broader community.

A copy of the Code will be made available on the Company's website.

6. DIVERSITY

Macarthur is committed to providing a diverse workplace in which everyone has the opportunity to fully participate and is valued for their distinctive skills, experience and perspectives to reach their full potential.

a. Diversity Policy

The Company has established a Diversity Policy which promotes a corporate culture which embraces, gender, age, ethnic and cultural diversity.

A copy of the Diversity Policy will be made available on the Company's website.

b. Disclosure on Diversity

In accordance with the Diversity Policy, the Company will report measurable objectives that are set in relation to achieving diversity.

7. AUDIT AND RISK COMMITTEE

a. Purpose of the Audit and Risk Committee

The Company has established an Audit and Risk Committee, with the overall purpose of:

1. ensuring that Management has designed and implemented an effective system of internal financial controls for reviewing and reporting on the Company's financial statements;
2. overseeing, reviewing and reporting on the integrity of the Company's financial disclosure and reporting;
3. reviewing the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts; and
4. being directly responsible for:

- i. the recommendation to the Board of a firm of external auditors to be proposed for election as the external auditors of the Company,
- ii. the oversight of the work of the Company's external auditors, and
- iii. subject to the grant by the shareholders of the authority to do so, if required, recommend to the Board the compensation of the external auditors of the Company.

b. Structure of the Audit and Risk Committee

The Audit and Risk Committee, in accordance to the Audit and Risk Committee Charter is structured so that:

1. it consists only of non-executive directors, a majority of whom are independent;
2. is chaired by an independent chair, who is not the chair of the Board; and
3. has at least 3 members.

A copy of the Audit and Risk Committee Charter will be made available on the Company's website.

8. COMMUNICATIONS AND DISCLOSURE

a. Communication Policy and Continuous Disclosure Policy

The Company has developed a Communication Policy and Continuous Disclosure Policy. These policies sets out the Company's disclosure obligations and the procedures that the Company, its Board, officers and its employees must follow to ensure that material information is disclosed to the public on a timely basis and is not disclosed in circumstances that are contrary to law. Particular employees are assigned of roles, responsibilities and authorisation relating to making disclosure and this policy also provides guidance on how authorised individuals should assess the materiality of information or events for disclosure purposes.

A copy of the Communication Policy and Continuous Disclosure Policy is available on the Company's website.

b. Disclosure Controls and Procedures Framework

The Company has developed a Disclosure Controls and Procedures ("DC&P") framework, which comprises of a number of controls, policies and procedures which ensure that:

1. material information relating to the Company is made known to the Certifying Officers by others, particularly during the period in which the filings are being prepared; and
2. information required to be disclosed by the Company in its filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation

The Company developed a Whistleblower Policy and a Share Trading Policy, which form part of the DC&P framework. A copy of the Whistleblower Policy and Share Trading Policy will be made available on the Company's website.

9. RISK MANAGEMENT

a. Risk Management Framework

The Company has established a risk management policy and a risk management framework which oversees and manages material business risks, which is supervised by the Audit and Risk Management Committee.

b. Internal Controls over Financial Reporting

The Company has developed an Internal Controls over Financial Reporting framework (“ICFR”) which aims to improve the quality, reliability and transparency of filings and other materials that are filed.

The design of Macarthur’s ICFR concentrates on developing adequate controls to avoid material misstatement in the financial disclosures and also involves routine evaluations to identify material weaknesses in the framework’s design. The quarterly and annual disclosures confirms the operations of the ICFR and states whether any material weaknesses in the design have been identified as well as any remedial action to be undertaken.

10. REMUNERATION AND NOMINATION COMMITTEE

a. Purpose of the Remuneration and Nomination Committee

The Company has established a Remuneration and Nomination Committee with the overall purpose of assisting the Board in:

1. evaluating, reviewing and recommending all forms of remuneration for Management;
2. recommending the annual remuneration budget to the Board;
3. recommending compensation for existing directors;
4. providing nominations for directors;
5. evaluating the collection of tangible and intangible skills, and qualities necessary for an effective Board and planning for the succession of the Board;
6. reviewing recruitment, retention and termination policies for Management;
7. monitoring and assessing the functions of the Board, committees of the Board and individual members of the Board; and
8. considering and reviewing diversity and strategies for managing diversity and remuneration by gender within the Company and on the Board.

b. Structure of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee, in accordance to the Remuneration and Nomination Charter is structured so that:

- a) it consists of all independent directors;
- b) is chaired by an independent chair; and
- c) has at least 3 members.

A copy of the Remuneration and Nomination Charter will be made available on the Company’s website.

Policy revision and distribution

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Policy history

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