

Lion Selection Group

ACN 077 729 572

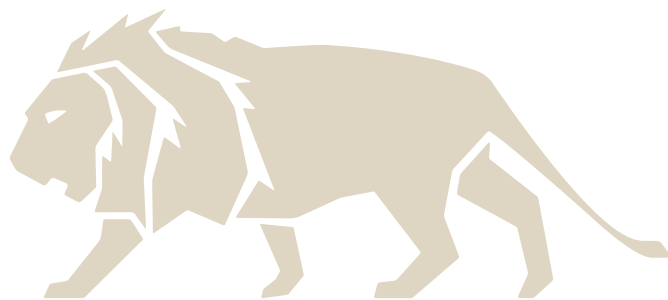


BOARD CHARTER

JUNE 2021

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1. Introduction

- 1.1 Lion Selection Group Limited (**the Company**) is a public company listed on the Australian Securities Exchange (ASX).
 - 1.2 The Board of directors of the Company (**Board**) is responsible for the corporate governance of the Company.
 - 1.3 The purpose of this charter is to:
 - (a) promote high standards of corporate governance;
 - (b) clarify the role and responsibilities of the Board; and
 - (c) enable the Board to provide strategic guidance for the Company and effective management oversight.
 - 1.4 This charter has been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Company and the creation of shareholder value.
 - 1.5 This charter is supported by the Code of Conduct for Directors, the Audit Committee Charter, the Securities Trading Policy and the Continuous Disclosure Policy. In addition, this charter is also supported by the corporate governance policies of the Company's investment manager, Lion Manager Pty Ltd ABN 76 078 018 934 (Manager) as detailed in the Manager's Reference Manual.
- 2.4 The Board should regularly assess whether each non-executive director is independent and each non-executive director should provide to the Board all information relevant to his or her assessment.
 - 2.5 If a director's independent status changes, this should be disclosed and explained to the market promptly and without delay.
 - 2.6 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 circumstances of the Company, including the nature of the Company's business. Accordingly, the directors have absolute discretion to determine the appropriate composition of the Board from time to time.
 - 2.7 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

2. Board size, composition and independence

- 2.1 There must be a minimum of 3 directors on the Board.
 - 2.2 The Board should ideally comprise:
 - (a) a majority of independent non-executive directors;
 - (b) directors with an appropriate range of skills, experience and expertise;
 - (c) directors who can understand and competently deal with current and emerging business issues; and
 - (d) directors who can effectively review and challenge the performance of the Manager and exercise independent judgment.
 - 2.3 An independent non-executive director is one who:
 - (a) is independent of the Manager;
 - (b) is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their unfettered and independent judgment; and
 - (c) otherwise meets the criteria for independence set out in the *Corporate Governance Principles and Recommendations (4th Edition)* published by the ASX Corporate Governance Council.
- 3.1 The Board acts in the best interests of the Company as a whole and is accountable to shareholders for the overall direction, management and corporate governance of the Company.
 - 3.2 The Board is responsible for:
 - (a) the leadership of the Company and defining its strategic objectives;
 - (b) appointing the chair and/or the senior independent director;
 - (c) appointing and replacing the CEO;
 - (d) approving the appointment and replacement of the company secretary;
 - (e) overseeing the Company, including its control and accountability systems;
 - (f) approving the Manager's investment strategy and delegating to the Manager the authorities provided in the management agreement executed between the Company and the Manager (**Management Agreement**);
 - (g) monitoring the performance of the Manager and its compliance with its obligations under the Management Agreement including maintaining an appropriate process to ensure all relevant information is reported by the Manager to the Board;
 - (h) approving all investments to be made by the Company and major capital expenditure;
 - (i) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company in accordance with the Company's continuance disclosure policy;

3. The Board's role and responsibilities

- (j) reporting to shareholders;
- (k) determining and financing any dividend payments;
- (l) approving and monitoring financial and other reporting including overseeing the integrity of the Company's external audit;
- (m) reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- (n) reviewing and overseeing the implementation of the Company's code of conduct;
- (o) approving the Company's statement of values and instilling those values to uphold the desired culture of the Company;
- (p) approving charters of Board committees;
- (q) ensuring that the Company's remuneration policies are aligned with the purpose, values, strategic objectives and risk appetite of the Company;
- (r) procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to effectively perform their role as Directors;
- (s) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and
- (t) monitoring and ensuring compliance with best practice corporate governance requirements.

4. Performance of the Manager

- 4.1 The Board is responsible for regularly reviewing the performance of the Manager against measurable and qualitative indicators as reflected in the Management Agreement and the terms of the Manager's delegated authority.
- 4.2 The Board must monitor the compliance by the Manager with its obligations under the Management Agreement and take appropriate steps to enforce the performance of those obligations, if and when required.

5. Board Committees

- 5.1 The Board has established an Audit Committee to assist it in carrying out its audit responsibilities, to share detailed work and to consider certain issues and functions in detail.
- 5.2 The charter or terms of reference of the Audit Committee setting out matters relevant to the composition, responsibilities and administration of that committee must be approved by the Board. The Audit Committee will review its charter from time to time as appropriate.

- 5.3 The Board recognises the importance of establishing a remuneration and nomination committee as good corporate governance in circumstances where appropriate for the size, nature and complexity of the Company. However, considering the size of the Company, the Board considers that the functions that would be performed by a remuneration and nomination committee are best undertaken by the Board.

6. Audit Committee

- 6.1 The objective of the Audit Committee is to:
 - (a) help the Board achieve its objective in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) legal and regulatory compliance; and
 - (iv) internal risk control and management systems;
 - (b) maintain and improve the quality, credibility and objectivity of the financial accountability process;
 - (c) promote a culture of compliance;
 - (d) ensure effective communication between the Board and senior financial and compliance representatives of the Manager;
 - (e) ensure effective internal and external group audit functions and communication between the Board and the external and any internal auditors (including internal auditors engaged by the Manager); and
 - (f) ensure compliance strategies and compliance functions are effective.
- 6.2 The Audit Committee should comprise:
 - (a) at least two non-executive directors, at least one of whom will be independent;
 - (b) non-executive directors who are financially literate (and at least one of whom is a financial expert).
- 6.3 The Audit Committee will appoint its chairperson. The chairperson must be an independent chairperson and may not be the chairperson of the Board.

7. Chairperson of the Board

- 7.1 The chairperson of the Board is appointed by the directors.
- 7.2 The division of responsibilities of the chairperson of the Board and the chief executive officer (if any) have been agreed by the Board and are set out in this charter.

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- 7.3 The responsibilities of the chairperson of the Board include:
- (a) providing leadership to the Board;
 - (b) promoting the efficient organisation and conduct of the Board's functions;
 - (c) ensuring the Board considers and adopts strategies designed to meet present and future needs of the Company;
 - (d) ensuring the board has an effective composition, size and commitment to adequately discharge its responsibilities and duties;
 - (e) monitoring the performance of the Board;
 - (f) facilitating Board discussions to ensure core issues facing the Company are addressed;
 - (g) briefing all directors in relation to issues arising at Board meetings;
 - (h) facilitating the effective contribution and ongoing development of all directors;
 - (i) promoting constructive and respectful relations between Board members and between the Board and the Manager and its representatives;
 - (j) ensuring the Board regularly meets to consider the Company's performance and key issues facing it;
 - (k) ensuring that at least one representative of the Manager (which may include a director associated with the Manager) is present at all meetings of the Board;
 - (l) setting the agenda for the Board meetings after consulting with the Manager; and
 - (m) chairing general meetings.

8. Manager, Chief Executive Officer and executive team (if any)

- 8.1 The Manager has been appointed to implement the Company's investment strategy and manage all of the assets of the Company on behalf of the Company. The Manager, on behalf of the Company, undertakes the management and administrative tasks set out in the Management Agreement.
- 8.2 While the Manager is in place, other than the Chief Executive Officer, it is not proposed that the Company will have an internal executive or compliance team on the basis that the tasks that would typically be undertaken by those teams will be undertaken by the Manager on behalf of the Company.

9. Directors

- 9.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.
- 9.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 9.3 Directors are expected to review meeting materials before Board meetings and committee meetings.
- 9.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, the Manager. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that the Manager is prepared to address them.
- 9.5 Directors must exercise independent judgment when making decisions.
- 9.6 Directors are expected to publicly support the letter and spirit of Board decisions.
- 9.7 Directors must keep confidential all Board information, discussions, deliberations and decisions that are not publicly known.
- 9.8 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
- (a) to act in good faith and in the best interests of the Company;
 - (b) to act with care and diligence;
 - (c) to act for proper purposes;
 - (d) to avoid a conflict of interest or duty; and
 - (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

10. Conflicts

- 10.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 10.2 Directors must:
- (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
 - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
 - (c) comply with the Corporations Act 2001 (Cth) (Corporations Act) and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.

10.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates, unless the Corporations Act and the Company's constitution expressly permits otherwise.

10.4 Directors are expected to inform the chairperson of the Board of any proposed appointment to the board or executive of another company as soon as practicable.

11. Access to information and independent advice by directors

11.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment in making decisions.

11.2 Directors have access to:

- (a) representatives of the Manager to seek explanations and information from management; and
- (b) auditors, both internal and external, to seek explanations and information from them without representatives of the Manager being present.

11.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.

11.4 If the chairperson of the Board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

12. Retirement of Directors

In accordance with the Company's constitution, no director is permitted to hold office for a continuous period in excess of three years or past the third annual general meeting following that director's appointment, whichever is the longer, without submitting themselves for re-election.

13. Code of Conduct

13.1 The Company has adopted a code of conduct for directors setting out required standards of behaviour for the benefit of all shareholders.

13.2 Each director will be given a copy of the code of conduct applicable to their position when joining the Company.

14. Company Secretary

14.1 The Company Secretary is accountable to the Board, through the Chair, for all governance matters to do with the proper functioning of the Board.

14.2 Each director has unrestricted access to the Company Secretary.

14.3 The appointment and removal of the Company Secretary must be determined by the Board.

15. Meetings

15.1 The Board will meet at least six (6) times per a year.

15.2 A director may at any time convene a board meeting. However, reasonable notice must be given to all members of the Board.

15.3 A quorum is two (2) directors.

15.4 The Company Secretary shall ensure that all directors receive meeting papers at least four (4) days prior to the Board meeting.

15.5 The Company Secretary shall take minutes of the Board meetings and will ensure all members of the Board receive a copy.

15.6 If the current Chair is not present at a Board meeting, the directors present will elect one of them to be the Chair of the meeting.

15.7 Questions arising at a Board meeting will be decided by a majority of votes of Directors present and voting, and any such decision shall be taken to be a decision of all directors.

15.8 The Chair of the meeting has a casting vote in addition to his/her deliberative vote, provided that:

- (a) more than two (2) directors are present;
- (b) more than two (2) directors are competent to vote on the question being considered; and
- (c) the decision is not in relation to the re-appointment of the Chair.

15.9 The board may set the form of reports to be received (and the timeframe for delivery) from the Manager to enable the Board to effectively discharge its duties.

15.10 A director may request additional information where he/she considers it necessary to make informed decisions.

16. Communication of Information

- 16.1 The Board will:
- (a) communicate effectively with shareholders;
 - (b) give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and
 - (c) make it relatively straightforward for shareholders to participate in general meetings.
- 16.2 The Board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.

17. Board Performance

- 17.1 The Board will undertake a formal annual review of its overall effectiveness against previously agreed quantitative and qualitative indicators, including that of its delegated committees. The performance review shall be conducted in such manner as the Board deems appropriate. If necessary, the Board will implement changes to improve the effectiveness of the Board and any delegated committee.
- 17.2 The Board will seek to ensure that:
- (a) its directors have an appropriate balance between those with investment management experience and those with experience in mining operations;
 - (b) directors are selected for their diverse skills and knowledge acquired through education, professions and experience and which are appropriate to the objectives of the Company;
 - (c) the skills represented by directors and the composition and mix of those skills remains appropriate for the Company;
 - (d) the size of the Board is conducive to effective discussion and efficient decision making.
- 17.3 The Board will establish induction procedures so that new Board appointees can participate fully and actively in Board decision making at the earliest opportunity. The Company Secretary is responsible for arranging for a new director to undertake the induction program.

18. Amendment

- 18.1 This charter and any amendments to it must be approved by the Board.

19. Approval

- This charter was approved and adopted by the Board.
June 2021