



Board Charter

Sakari Resources Limited

*(Company Registration No. 199504024R)
(Incorporated in the Republic of Singapore on June 10, 1995)*

Adopted by the Board on 21 February 2008



Sakari Resources Limited Board Charter

1 Role of the Board

This Board charter sets out the principles for the operation of the board of directors (“**Board**”) of Sakari Resources Limited (“**Sakari**”) and to describe the functions of the Board and those functions delegated to the management of Sakari.

The Board has primary responsibility to the shareholders for the welfare of Sakari by guiding and monitoring the business and affairs of Sakari. Sakari recognises the importance of the Board in providing a sound base for good corporate governance in the operations of Sakari. The Board must at all times act honestly, fairly and diligently in all respects in accordance with the applicable laws.

Each of the directors, when representing Sakari, must act in the best interests of the shareholders of Sakari and in the best interests of Sakari as a whole.

This charter and the various complementary charters adopted by the Board and the various committees have been prepared and adopted on the basis that there is recognition that good governance and good governance procedures can add to the performance of Sakari.

2 Responsibilities of the Board

One of the key ways the Board can add value to Sakari is by selecting the right chief executive officer for Sakari. Beyond this, the Board will ensure that the management has in place appropriate processes for risk assessment, management, internal control and the monitoring of performance against agreed benchmarks. The Board will work with senior management as collaborators in advancing the interests of Sakari.

The charter recognises that the Board will delegate authority and recognises that, once delegated, management needs to be free to manage. The Board will not be too accepting of management’s views and will test and question management’s assertions, monitor progress, evaluate management’s performance and will, where warranted, take corrective action.

The Board is responsible for the management of the affairs of Sakari, including:-

2.1 Financial strategic objectives

- Evaluating, approving and monitoring strategic and financial plans.
- Evaluating, approving and monitoring annual budgets and business plans.
- Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions including the issue of securities.



- ❑ Approving audited financial reports and annual shareholder reports.

2.2 Executive management

- ❑ Appointing, monitoring, managing the performance of, and if necessary, terminating the employment of the chief executive officer. Consistent with its obligation to monitor the performance of the chief executive officer, the Board has identified the roles and responsibilities of the chief executive officer which are described in sections 4.4 and 4.5. The Board will consider the roles, responsibilities, authorities and accountabilities of the chief executive officer, as well as performance indicators, to provide monitoring benchmarks.
- ❑ Managing succession planning for the positions of chief executive officer and chief financial officer. It is envisaged that this will involve working with the chief executive officer to identify the requirements for critical positions and individuals who can fill these positions on both an interim basis in an emergency and over the longer term.
- ❑ Ratifying the appointment of and, if necessary, the termination of the CFO. The Board has identified the roles and responsibilities of the chief financial officer which are described in sections 4.6 and 4.7. The chief executive officer will consider the roles, responsibilities, authorities and accountabilities of the chief financial officer, as well as performance indicators, to provide monitoring benchmarks.
- ❑ Ratifying the terms of appointment of other senior management, including the terms of equity remuneration.

2.3 Risk management

- ❑ Monitoring Sakari's performance with respect to the rules of the Code of Corporate Governance.
- ❑ Approving and monitoring Sakari's risk management framework.
- ❑ Approving and monitoring compliance with Sakari's key corporate policies and protocols.
- ❑ Monitoring Sakari's operations in relation to compliance with relevant regulatory requirements.

2.4 Guidelines for risk management and strategic planning

- ❑ The Board will be actively and regularly be involved in risk management and strategic planning. The intention of the Board is that these functions will be closely integrated. Strategic planning will be based on the identification of opportunities and the full range of business risks that will determine which of those opportunities are most worth pursuing. The Board recognises that strategic planning is an ongoing process that must be responsive to changes in the external environment and the internal developments.



- ❑ The Board's involvement in strategic planning and the monitoring of risks does not mean the Board intends to manage the business but it does recognise that the Board is responsible for overseeing management and holding the management accountable.
- ❑ The Board will oversee the process that the management has in place to identify business opportunities and risks.
- ❑ The Board will consider the extent and types of risk that is acceptable for Sakari to bear.
- ❑ The Board will monitor managements systems and processes for managing a broad range of business risks.
- ❑ The Board will, on an ongoing basis, review with the management how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted.

2.5 Reporting

- ❑ The Board must supervise disclosure in the annual report and any departures from the Code of Corporate Governance and any information publicly available on Sakari's policies.
- ❑ Any decision to deviate from the rules of the Code of Corporate Governance must be approved by a resolution of the Board.
- ❑ Sakari will, where appropriate and admissible, include an appropriate statement regarding departures from the Code of Corporate Governance in the annual report such as:

The Board has considered the SGX recommendation [#] and its application to Sakari having regard to the circumstances of Sakari and industry practice. The Board has determined that to depart from practice recommendation [#] is warranted on the basis it is not appropriate to Sakari. The decision was based on the following:

Reasons to be noted

Having regard to the matters set out above, the Board does not believe the benefits are commensurate with the monetary and other costs they impose. As a result, their contribution to shareholder well being is believed to be minimal and they have not been adopted.

- ❑ The Board will supervise the public disclosure of all matters that the SGX recommends be publicly disclosed consistent with the Sakari Disclosure Policy, and will provide a commentary of any Board decision not to make such disclosure or clarification of the disclosure made.



3 Structure of the Board

Currently the Board comprises six members including five non-executive directors, two of whom the Board considers to be independent in accordance with the criteria in section 5.1. It is Sakari's intention to appoint additional directors to the Board at a time when considered appropriate to Sakari's requirements.

Details of the Board composition, skills and experience of Board directors are disclosed on Sakari's website and in the annual report.

Each director is bound by all of Sakari's charters, policies, codes of conduct etc, including but not limited to:-

- Sakari's Securities Trading Policy;
- Sakari's Disclosure Policy;
- Sakari's Shareholder Communication Guidelines and Policy; and
- Other policies that may be adopted by the Board from time to time.

The Board and/or the committees have delegated the operations and management of Sakari's business to the chief executive officer, and to appropriate members of the senior management group.

This charter is designed to facilitate a mature and constructive relationship with Sakari's management – one that is grounded in a mutual understanding of their respective roles and the ability of the Board to act independently in fulfilling its responsibilities.

The Board will monitor delegations of authority from the chief executive officer to the senior management.

4 Statement of the division of authority between the chairman and chief executive officer

4.1 Objective

Consistent with its commitment to the rules of the Code of Corporate Governance, Sakari recognises the importance of the office of chairman and the office of chief executive officer of Sakari.

Sakari recognises that it is important that the chairman and the chief executive officer have clear, defined roles in the organisation and function in accordance with clear lines.

4.2 Role of Sakari chairman

The Board has powers under Article 87A of Sakari's Articles of Association to appoint a chairman.



The chairman will be selected based on relevant experience, skills and leadership abilities. It is envisaged that the normal term of office for a chairman will be a period of up to five years subject to satisfactory performance.

4.3 Specific duties of the chairman

The chairman will:

- chair Board meetings;
- establish the agenda for Board meetings, in consultation with the chief executive officer and company secretary;
- chair meetings of members, including the annual general meetings of Sakari;
- be the primary spokesperson for Sakari at the annual general meetings. The chairman and the chief executive officer will agree between themselves as to their respective roles in relation to all meetings (formal and informal) with shareholders and all public relations activities;
- in consultation with the chief executive officer, approve and/or delegate authority for the approval of all material SGX and investor and shareholder releases;
- be kept fully informed by the chief executive officer of all material matters which may be relevant to directors;
- in consultation with the chief executive officer and other appropriate members of the senior management, review all matters material to the interests of Sakari;
- provide guidance and mentoring to the chief executive officer; and
- ensure the process of Board evaluation is conducted.

4.4 Role and responsibilities of the chief executive officer

The chief executive officer has primary responsibility to the Board for the affairs of Sakari.

The Board must delegate sufficient powers to the chief executive officer for the chief executive officer to manage the business of the company effectively. The chief executive officer must carry out the objectives of the Board in accordance with its instructions, and report to the Board on all matters the chief executive officer considers to be material to the affairs of Sakari.

4.5 Specific duties of the chief executive officer

The chief executive officer will:

- Develop with the Board, implement and monitor strategic and financial plans for Sakari;



- ❑ develop, implement and monitor annual budgets and business plans;
- ❑ plan, implement and monitor all major capital expenditure, capital management and all major corporate transactions including the issue of any securities of Sakari;
- ❑ ensure that all financial and other reports and external communications by Sakari, including material announcements and disclosures, are in accordance with Sakari's external communications policy;
- ❑ manage the appointment of the chief financial officer, the company secretary and other senior management positions;
- ❑ develop, implement and monitor Sakari's risk management framework;
- ❑ consult with the chairman and the Sakari secretary to set the agenda for Board meetings;
- ❑ arrange with the chairman to set their respective roles in relation to all meetings (formal and informal) with shareholders and all public relations activities;
- ❑ be the primary channel of communication and point of contact between the executive staff and the Board;
- ❑ keep the chairman fully informed of all material matters which may be relevant to the Board;
- ❑ in conjunction with the chairman and other appropriate members of the senior management, review all matters material to the interests of Sakari;
- ❑ provide strong leadership and effectively manage Sakari in order to:
 - encourage cooperation and teamwork;
 - build and maintain staff morale at a high level;
 - build and maintain a strong sense of staff identity with, and a sense of allegiance to, Sakari;
- ❑ ensure a safe workplace for all personnel;
- ❑ ensure that Sakari has regard to the interests of employees and customers of Sakari and the community and environment in which Sakari operates; and
- ❑ otherwise carry out the day-to-day management of Sakari.

4.6 Limitations on delegated authority of the chief executive officer

The delegation of authority to the chief executive officer is subject to the limits determined by the Board.

The chief executive officer is formally delegated power by the Board to authorise all expenditure as approved in the budget, provided that capital expenditure in excess of the



limits set out in the Expenditure Authority Policy must be approved by the Board and all payments to the chief executive officer outside of normal agreed monthly remuneration must be authorised by the chairman.

4.7 Specific duties of the chief financial officer

The chief financial officer will:

- develop, implement and monitor financial and accounting controls and systems for Sakari that ensure accurate records and timely reporting to management, board and shareholders.;
- oversee the preparation of annual budgets;
- monitor all capital expenditure, capital management and corporate transactions including the issue of any securities of Sakari;
- monitor and approve all contracts and agreements of Sakari that involve financial commitments or sale of assets, including in the ordinary course of business;
- ensure that all financial and other reports and external communications by Sakari, including material announcements and disclosures, are in accordance with Sakari's external communications policy;
- manage all accounting and financial staff;
- develop, implement and monitor Sakari's SOPs as they apply to accounting and financial staff;
- agree with the chief executive officer on all meetings (formal and informal) with shareholders and all public relations activities;
- keep the chief executive officer fully informed of all material financial and accounting matters which may be relevant to the performance of his duties;
- in conjunction with other appropriate members of the senior management, review all matters material to the interests of Sakari;
- provide strong leadership and effectively manage the Financial and Accounting Department in order to:
 - encourage cooperation and teamwork;
 - build and maintain staff morale at a high level;
 - build and maintain a strong sense of staff identity with, and a sense of allegiance to, Sakari..

4.8 Limitations on delegated authority of the chief executive officer

The delegation of authority to the chief financial officer is subject to the limits determined by the chief executive officer.



5 Chief financial officer and other senior finance managers

The chief financial officer and senior finance officers influencing financial performance of Sakari will:

- conduct their duties at the highest level of honesty and integrity;
- observe the rule and the spirit of the law and comply with any relevant ethical and technical standards;
- maintain the confidentiality of all information acquired in the course of employment and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law or by the SGX Listing Rules;
- observe the principles of independence, accuracy and integrity in dealings with the Board, Board committees, audit committees, external auditors and other senior managers within Sakari;
- disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the chief financial officer becomes aware and reasonably believes may compromise the reputation or performance of Sakari;
- maintain transparency in the preparation and delivery of financial information to both internal and external users;
- exercise diligence, skill and good faith in the preparation of financial information and ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of Sakari, and ensure that such financial information complies with all relevant legislative requirements;
- ensure the maintenance of a sound system of internal controls to safeguard Sakari's assets and the management of risk exposure through appropriate forms of risk control;
- set a standard of honesty, fairness, integrity, diligence and competency in respect of the position of chief financial officer; and
- observe, develop and implement the principles of this charter in a conscientious, consistent and rigorous manner.

6 Independence of directors

The following questions have been adopted by Sakari to assist in deciding whether a director is considered 'independent'. However, Sakari is not proposing to adopt hard and fast rules.

6.1 Independence standard



At the time of a director's appointment the Board will consider whether the director is 'independent', having regard to the answers to the following questions.

- Is the director a substantial shareholder of or an officer of or otherwise directly associated with a substantial shareholder of Sakari? Has the director within the last three years been employed in an executive capacity by Sakari or another group member, or been a director after ceasing to hold any such employment?
- Within the last three years has the director been:
 - a principal of a material professional adviser;
 - a material consultant to Sakari or another group member; or
 - an employee materially associated with the service provided by such adviser or consultant to Sakari?
- Is the director a material supplier or customer of Sakari or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer?
- Does the director have a material contractual relationship with Sakari or another group member other than as a director of Sakari?
- Has the director served on the Board for a period that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Sakari?
- Is the director free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Sakari?

Materiality The Board will from time to time determine relevant materiality thresholds for the purposes of ascertaining whether a director is considered 'independent'. The general standard for materiality is, in the case of service providers or similar, that the fees paid to the firm by Sakari do not represent more than 5% of the firm's total fees, nor more than 5% of Sakari's total expenditure in this area, and the relevant director does not receive any remuneration directly related to Sakari's use of the firm's services i.e. 'finder's fees'.

6.2 Disclosure of independence

Each independent director of Sakari must regularly disclose to the Board all information regarding his or her interests that is relevant to his or her independence having regard to the standard discussed in section 6.1. Where the independent status of a director is lost, immediate disclosure must be made to the market.

6.3 Annual report disclosure

The Board must ensure that each annual report of Sakari discloses:

- in the corporate governance section, the names of directors who are considered by the Board to be independent;



- the Board's reasons for considering a director to be independent;
- the Board's reasons for considering a director to be independent despite the existence of the relationships set out in section 6.1;
- any materiality thresholds that apply to the relationships set out in the section 6.1; and
- in the corporate governance section, the period of office of each director.

Sakari will, where appropriate, include an appropriate statement regarding the independent status of directors in the annual report.

7 Conflicts of interest

As a general principle every director must bring an inquiring, open and independent mind to Board meetings, listen to the debate on each issue raised, consider the arguments for and against each motion, and reach a decision that he or she believes to be in the best interests of Sakari as a whole, free of any personal interest, and consistent with the Directors' code of conduct.

If the Board determines that a director may be in a position where there is a reasonable possibility of conflict between his or her personal or business interests or the interests of any associated person or his or her duties to any other company on the one hand, and the interests of Sakari or his or her duties to Sakari on the other hand, the Board will require that the director:

- makes a full and frank disclosure to the Board about the circumstances giving rise to the conflict; and
- abstains from voting on any motion relating to the matter and absenting himself or herself from all Board deliberations relating to the matter including receipt of Board papers bearing on the matter.

If the Board resolves to permit a director to have any involvement in a matter in which there is a possible conflict of interest, the Board must minute full details of the basis of the determination and the nature of the conflict including a formal resolution concerning the matter.

If a director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the chairman.

The Sakari secretary will maintain a register of all matters involving a possible conflict of interest.

8 Meetings

Directors should ordinarily receive Board papers and related material not later than three business days prior to the relevant meeting.



The Chief Executive Officer should ensure the availability and, if necessary, the attendance at the relevant meeting, of any member of the executive management responsible for a matter included as an agenda item at the relevant meeting.

8.1 Agenda

An agenda will be prepared for each Board and Board committee meeting. The Board meeting will generally follow the format outlined below.

Item
<i>Minutes of previous meetings</i>
<i>Matters arising from minutes</i>
<i>Environmental, Safety and Community</i>
<i>Operations Review</i>
<i>Projects Review</i>
<i>Exploration Review</i>
<i>Monthly Financial Statements and Treasury Review</i>
<i>Administration and Corporate Matters</i>
<i>Ratification of agreements signed</i>
<i>Review of top 40 shareholders list.</i>
<i>Business Development including new business opportunities.</i>
<i>Investments</i>
<i>General business</i>
<i>Date and time of next meeting</i>

Each meeting should allow for informal discussions between Board members.

8.2 Circular resolutions

Matters calling for an urgent resolution can be resolved by way of a circular resolution. Circular resolutions should be approved by the chairman before being circulated and should normally be preceded by a telephone conference if practical.

Circular resolutions must be signed by all the directors approving the resolution and the circular resolution must be entered into the Board minute book. If the signatures are not obtained, the item is to be deferred to the next Board meeting.

9 Board committees

The Board has established the following committees:-

- the Audit Committee;
- the Remuneration Committee; and
- the Nomination Committee.

These committees are designed to consider specific matters and make recommendations to the Board. However, having regard to the Board's knowledge of Sakari and the complexity of the structures and operations of Sakari, the ability of the Board to make an independent assessment of the recommendations is not to be restricted by the



establishment of the committees. The Board will consider the materials and recommendations presented to them and arrive at an independent decision on the issue using their skill and judgment.

The Board will consider and approve the charters of the various committees.

The Board will receive copies of committee papers/minutes/agendas in respect of each committee and all non-executive directors may attend meetings of committees of which they are not members.

10 The Board and executive management

Any director may communicate directly with the employees of Sakari but such communications are to be made having regard to the efficient operation of Sakari and the need to preserve and maintain an effective chain of command and the confidentiality of the Board's deliberations.

Where individual directors wish to communicate with the executive management or with other employees or representatives of Sakari in relation to company business, all communications must be facilitated by the CEO.

11 Independent advice

A director of Sakari is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at Sakari's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out below:-

- a director must seek the prior approval of the chairman;
- in seeking the prior approval of the chairman, the director must provide the chairman with details of:
 - the nature of the independent professional advice;
 - the likely costs of seeking the independent professional advice; and
 - details of the independent adviser whom he or she proposes to instruct.
- the chairman may prescribe a reasonable limit on the amount that Sakari will contribute towards the costs of obtaining such advice;
- all documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to Sakari and to the director in his or her personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, for example, matters relating to the director's contract of employment with Sakari (in the case of an executive director) or any dispute between the director and Sakari; and
- the chairman may determine that any advice received by an individual director will be circulated to the rest of the Board members.



12 Remuneration

The level of non-executive director remuneration will be set by the Remuneration Committee so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type.

In line with Sakari's desire to maintain director independence, every director dealing in the securities of Sakari must do so in accordance with the Securities Trading Policy.

13 Board performance

The Board believes that the regular assessment of the Board's effectiveness and the contribution of every individual director is essential to improve the governance of Sakari. At least once in every financial year, there must be a performance evaluation:

- of the Board and an analysis of the performance of the Board with the requirements of this charter and the Code of Corporate Governance;
- of individual director's contribution to the Board;
- of Board Committees; and
- establishing the goals and objectives of the Board for the upcoming year.

The focus of the evaluation will be on how performance can be made more meaningful in setting and achieving goals that add value. The results will be internal to the Board, but disclosure will be made in the annual report and Sakari's website that such evaluations are undertaken.

The Board will determine the manner and form of the performance evaluation.

14 Access to Board charter

This charter will be available upon request to each director of Sakari, the senior management group, external auditors, and shareholders.

This charter will also be available to other interested parties upon request, and upon the approval of the chairman.

15 Review of Board charter

The Board will, at least once in every financial year, review this charter and the charters of every committee, and make any amendments which it considers necessary or desirable.