Policy Document

SILICA RESOURCES AUSTRALIA

Board Charter

Silica Resources Australia Limited

ACN 655 231 066

Reviewed/Approved by the Board		
1.0	Adopted	30 June 2022
2.0	Reviewed & Approved	11 August 2024
3.0	Reviewed & Approved	24 September 2026

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1. Introduction

1.1. The Board of Directors (the "**Board**") of Silica Resources Australia Limited (the "**Company**") has adopted this Board Charter (the "**Charter**") to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws.

1.2. The Board is committed to, and expects the highest standards of, behaviour and accountability from all directors, senior executives, and employees of the Company. This Charter sets out the principles for the operation of the Board and the functions and responsibilities of the Board of the Company.

1.3. This Charter includes an overview of:

(a) the composition of the Board;

(b) the roles and responsibilities of the Board;

(c) the relationship and interaction between the Board and management and the Board's ability to delegate its authority to management; and

(d) the Board's processes.

1.4. This Charter and the charters adopted by the Board for its standing committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

1.5. To the extent that there is any inconsistency between this Charter and the Company's Constitution, the Constitution will prevail to the extent of that inconsistency.

2. Board composition

2.1 **Board composition and size**

(a) Directors of the Company (the "**Directors**") are appointed by the Board and elected or re-elected by the shareholders. Non-executive Directors are engaged through a letter of appointment.

(b) The Board determines the size and composition of the Board, subject to the terms of the Company's Constitution.

(c) It is intended that the Board should comprise a minimum of **three** Directors of which the majority of the Board should be independent, non-executive directors.

(d) The Board shall comprise of members with a broad range of skills, expertise, and experience from a diverse range of backgrounds and expertise to achieve efficient decision making. The skills matrix should be reviewed on a periodic basis. The Board must have regard to the skills matrix when considering Board succession planning and the appointment of new Directors.

(e) The Board will review the skills, experience, expertise, and diversity represented by the Directors on the Board and determine whether the composition and mix remain appropriate, having regard to the Company's strategy and subject to the limitations imposed by the Constitution.

(f) Each Director must be able to add value to the Board's deliberations. In addition, the Board must:

(i) be comprised of Directors who are financially literate, **at least one** of whom has financial expertise; and

(ii) demonstrate an appropriate mix of skills, experience, diversity and knowledge to discharge its responsibilities and objectives.

(g) At least two (2) directors must reside in Australia.

2.2 **Director independence and tenure**

(a) The Board only considers a Director to be independent if the director is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders as a whole.

(b) The Board has adopted a definition of independence based on that set out in the ASX Corporate Governance Council's Principles and Recommendations (4th edition) (**Refer to Annexure 1**).

(c) The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process. However, the Board should regularly assess whether a director, who has served for more than 10 years, has become too close to management to be considered independent.

(d) The Board shall regularly review the independence of each Non-executive Director, at least on an annual basis, in light of information relevant to this assessment as disclosed by each Non-executive Director to the Board.

3. Terms of appointment and vacancies

3.1 Directors will be appointed and removed in accordance with the Corporations Act and the Company's Constitution.

3.2 Subject to the number of directors allowed under the Company's Constitution, the directors have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing directors. That Director will hold office until the end of the next annual

general meeting of the Company when the director may be re-elected but will not be taken into account in determining the number of Directors who must retire by rotation.

3.3 The Directors must not make an appointment so that the total number of Directors at any time exceeds the maximum number fixed in the Company's Constitution.

3.4 The Board will undertake appropriate checks to determine whether or not to recommend a Director to shareholders for election or re-election or to appoint a Director to fill a casual vacancy.

3.5 The terms and conditions of the appointment and retirement of members of the Board will be set out in a letter of appointment which are issued to each Director elected or appointed to the Board.

4. Board role and responsibilities

4.1 Board role

The Board's role is to:

(a) represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies, and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;

(b) provide effective oversight of its management and business activities

(c) protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;

(d) set, review, and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and

(e) ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

(f) oversee management in its implementation of the Company's strategic objectives and instilling of the Company's values and performance.

4.2 Board responsibilities

The responsibilities of the Board include:

(a) selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of the MD and/or CEO and their direct reports;

(b) oversight of the Company, including the integrity of its control and accountability systems (including the external audit), that seeks to ensure the creation and protection of shareholder value;

(c) instilling and monitoring a culture of acting lawfully, ethically and responsibly across the Company group;

(d) contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;

(e) reviewing, ratifying and monitoring systems of risk management, internal control and legal compliance. This includes reviewing procedures to identify the main risks associated with

the Company's business and the implementation of appropriate systems to manage these risks;

(f) monitoring corporate performance and implementation of strategy and policy;

(g) approving major capital expenditure, acquisitions and divestitures and monitoring capital management;

(h) monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting systems, including the external audit;

(i) monitoring of the Company financial position and its ability to meet its debts and other obligations as they fall due;

(j) monitoring the effectiveness of the Company's governance practices;

(k) ensuring that appropriate frameworks exist for relevant information to be reported by management to the Board, and whenever required, challenge management and hold it accountable;

(l) approving financial reports, profit forecasts and other reports required at law or under the ASX Listing Rules (if applicable) to be adopted by the Board;

(m) overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company;

(n) ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;

(o) evaluating, on a periodic basis, the performance of the Board, its committees and individual Directors in accordance with the process set out in Annexure 2;

(p) developing and reviewing corporate governance policies, including the Company's Statement of Values and Code of Conduct to underpin the desired culture of the Company;

(q) ensuring the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;

(r) ensuring that an appropriate health, safety and environment framework is in place to support safe workplace practices and to comply with the Company's environmental obligations;

(s) ensuring the Company has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite that the Board expects management to operate within; and

(t) performing such other functions as are prescribed by law or are assigned to the Board.

4.3 **Director responsibilities**

(a) Directors will, at all times act with honesty and integrity and will observe the highest standards of ethical behaviour.

(b) Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.

(c) Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them. The need for such continuing education and professional development for existing directors will be reviewed every year to ensure all Directors maintain the skills and knowledge required to perform their role effectively.

(d) The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair of the Board ("Chair"), or the Board as a whole.

5. Conflict of Interest

5.1 Directors must take all necessary and reasonable steps to avoid conflicts of interests as described in the Company's Code of Conduct.

5.2 A director must disclose to the Chair and the Company Secretary any direct or indirect involvement in a competitor to the Company, as a shareholder or otherwise, including any personal interest in any transaction to be entered into by the Company which may conflict between the interests of the Company and the director.

5.3 The director must not participate in any Board discussion on the transaction, refrain from voting on the transaction, and cannot in any way influence the Company's decision in relation to the transaction. Any potential conflict of interest shall be captured in the minutes of the meeting.

(a) If the Board determines that there is a material conflict of interest, the Board may require that the relevant director:

(i) not receive the relevant papers; and/or

(ii) not be present at the meeting while the matter is considered.

(b) The Company must document all reported conflicts of interest together with the measures taken in this regard.

6. Delegation of duties and powers

6.1 **Delegation to Committees**

(a) The Board may, from time to time, establish Committees to streamline the discharge of its responsibilities (collectively as "Committees", or each a "Committee").

(b) The Board will adopt a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities, and administration of the Committee.

(c) The Company currently does not have any established committees due to the size of the Company. The Board may also delegate specification functions to ad hoc Committees on an "as needs" basis.

(d) Where the Board does not consider that the Company will benefit from a particular separate Committee:

(i) the Board must:

- carry out the duties and discharge the responsibilities that would ordinarily be assigned to that committee as set out in the Charter for that committee; and
- ensure that it has the appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively; and

(ii) the Company must disclose in, or in conjunction with, its annual report the following, as applicable:

- the fact a committee has not been established; or

- if an Audit and Risk Committee has not been established, the processes the Board employs to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner, and the process it employs for overseeing the Company's risk management framework; and
- if a Nomination and Remuneration Committee has not been established, the processes the Board employs to address Board succession issues and for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

6.2 **Delegation to management**

(a) Although the Board retains ultimate responsibility for the strategy and performance of the Company, the Board may delegate certain powers to the MD and/or CEO and other persons. The Board always retains ultimate authority over the management of the Company.

(b) The day-to-day operation of the Company is conducted by, or under the supervision of, the MD and/or CEO as directed by the Board.

(c) The Board approves corporate objectives for the MD and/or CEO to work towards and, jointly with the MD and/or CEO, develops the duties and responsibilities of the MD and/or CEO.

(d) The management team, being the MD &CEO and other officers to whom the management function is properly delegated by the MD and/or CEO:

(i) is responsible for implementing the strategic objectives, plans, and budgets approved by the Board; and

(ii) is accountable to the Board for matters within its delegated authority.

(e) Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

(f) Directors are entitled to request additional information at any time when they consider it appropriate.

(g) Directors have unfettered access to the executive management of the Company through the Chair, the MD and/or CEO and/ or the Company Secretary.

6.3 **Matters reserved for the Board**

Notwithstanding section 6.1, the following matters are specifically reserved for the Board:

(a) approving the Company's statement of values and defining the Company's purpose;

(b) adopting an annual budget for the financial performance of the Company and monitoring performance against it;

(c) approving the Company's Corporate Governance Statement and financial reports in accordance with the Corporations Act, ASX Listing Rules (if applicable), and any other applicable regulations;

(d) appointment of a Chair;

(e) appointment of the deputy Chair and/or the 'senior independent director' (if applicable);

(f) appointment and removal of the MD and/or CEO, including approving terms of engagement and where required, termination benefits;

(g) approving and reviewing the appointment, remuneration, and incentive framework for senior executives and overseeing the remuneration framework for the Company;

(h) approving the appointment and replacement of other senior executives of the Company and the company secretary;

(i) appointment of Directors to fill a casual vacancy or as an additional Director;

(j) establishment of Board Committees, their membership and delegated authorities;

(k) recommendations of dividends to shareholders and approval of final/ interim dividends;

(l) approval of major capital expenditure, acquisition, and divestitures in excess of authority levels delegated to management;

(m) calling of meetings of shareholders;

(n) ensuring proper and timely disclosure and reporting to shareholders and other stakeholders;

(o) monitoring and overseeing the management of shareholder and stakeholder relations;

(p) approval of formal delegations of authority and amendments to existing delegations of authority; and

(q) any other specific matters nominated by the Board from time to time.

7. Board process

7.1 Meetings

(a) The Board will intend to meet regularly, and Directors will use all reasonable endeavours to attend Board meetings in person.

(b) The Board may at any time convene an unscheduled meeting of the Board to consider urgent or other matters.

(c) Periodically, Non-executive Directors may meet without the MD and/or CEO or management present, to review the performance of management generally and discuss corporate governance issues.

(d) Senior executives will be invited to attend meetings as required. Other Company executives, external auditors, internal auditors and advisers, as the Chair sees fit, may be invited to attend meetings.

(e) Non-executive director shall be present at a Board meeting during deliberations concerning their position.

(f) Board papers shall be provided to directors sufficiently far in advance of scheduled meetings to permit adequate preparation.

(g) The Company's Constitution governs the regulation of Board meetings and proceedings.

7.2 The Chair

(a) The Board will appoint one of its members to be Chair.

(b) It is intended that the Chair should be an independent, non-executive director.

(c) The position of Chair should not be exercised by the MD and/or CEO or any other executive function in the Company. The Chair should not be a former CEO unless there has been at least three (3) years since finishing that position and becoming Chair.

(d) The Chair represents the Board to the shareholders and communicates the Board's position.

(e) The Chair shall be responsible for:

(i) leadership of the Board;

(ii) the efficient organisation and conduct of the Board's functions;

(iii) establishing the agenda for Board meetings in consultation with the MD and/or CEO and company secretary;

(iv) ensure Board minutes properly reflect Board decisions;

(v) briefing of all directors in relation to key issues arising;

(vi) guiding Board deliberations, free of undue bias;

(vii) promoting constructive and respectful relations between directors, and between Board and management;

(viii) be the major point of contact between the Board and the MD and/or CEO;

(ix) be kept fully informed of current events by the MD and/or CEO on all matters which may be of interest to Directors;

(x) regularly review progress on important initiatives and significant issues facing the Company with the MD and/or CEO;

(xi) chair the MD and/or CEO evaluation process conducted by the Board;

(xii) commence the annual process of Board and Director evaluation;

(xiii) chairing Board and Shareholder meetings; and

(xiv) oversee the systematic, effective, and efficient conduct of the annual general meetings ("**AGMs**"), adopt appropriate procedures to ensure effective communication with the shareholders of the Company, and communicate any concern with respect to same to the Board.

(f) Should the Chair be absent from a meeting, members of the Board present shall appoint a chairperson for that particular meeting.

7.3 **The Company Secretary**

(a) The Board will appoint at least one Company Secretary who is accountable to the Board on all matters to do with the proper functioning of the Board (the "**Company Secretary**").

(b) The Company Secretary must reside in Australia.

(c) The duties of the Company Secretary are to:

(i) assist the Chair with the organisation of Board meetings;

(ii) ensure that new directors are properly inducted and introduced to the business of the Company;

(iii) ensure that directors receive all information which is necessary for the proper performance of their duties on a timely basis and ensure that such information is current, accurate, and relevant;

(iv) ensure adequate time in Board meetings is allotted for consultation and decision-making by the Board;

(v) ensure that the Board and its Committees act in accordance with all applicable laws, policies, procedures and standards;

(vi) be responsible for coordination of all Board business, including agendas, board papers, and minutes;

(vii) provide advice and services to all directors and committees, as required; and

(d) All Directors will have direct access to the Company Secretary.

8. Review and amendments to this Charter

(a) The Board will review this Charter **every two years** or as often as it considers necessary to ensure it remains effective and meets the best practice, listing rules and the Company's needs.

(b) The amendment or revocation of this Charter may only effected by a resolution of the Board.

(c) All new Directors will be provided with a copy of this Charter as part of their induction into the Company.

(d) Any updates or amendments as approved by the Board will be notified to appropriate officers and staff by the Company Secretary and be available on the Company's website within a reasonable time after any such updates or amendments have been approved .

(e) The Company Secretary is authorised to make administrative and non-material amendments to this Charter provided that any such amendments are notified to the Board or its delegated committee at or before its next meeting.

9. Annexure 1 – Independence of Directors

9.1 Independence guidelines

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors. In general, Directors will be considered to be "independent" if they:

(a) are not employed in an executive capacity by the Company or its related bodies corporate (as that term is defined in the Corporations Act 2001 (Cth), or, if they have been previously employed in an executive capacity by the Company or its related bodies corporate, there has been a period of at least 3 years between ceasing such employment and serving on the Board;

(b) do not receive performance-based remuneration from the Company or participate in an employee incentive scheme of the Company;

(c) have not within the last three (3) years been a partner, director or senior employee of a provider of material professional services to the Company or its related bodies corporate;

(d) have not within the last three (3) years been in a material business relationship (eg as a professional advisor, consultant, supplier or customer) with the Company, its related bodies corporate or their officers, or otherwise associated directly or indirectly with someone with such relationship;

(e) are not a substantial shareholder of the Company, a representative or officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;

(f) have no material contractual relationship with the Company or its related bodies corporate, other than as a Director of the Company;

(g) do not have close family ties with any person who falls within any of the categories described above;

(h) have not been a Director of the Company for such a period that his or her independence may have been compromised; and

(i) are free from any other interest, position, association, or relationship that might influence, or 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 as a whole.

9.2 Materiality thresholds

(a) The Board will consider the materiality of the Directors' interests, position, association or relationship for the purposes of determining "independence" on a case-by-case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

(b) the Board will determine the appropriate base to apply (eg revenue, equity or expenses) in the context of each situation;

(c) in general, the Board will consider a holding of 5% or more of the Company's shares to be material;

(d) in general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board; and

(e) overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business, or relationship could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

10. Annexure 2 – Performance evaluation process

10.1 Board of Directors

(a) This performance evaluation process (the "**Process**") is designed to ensure individual Directors and the Board of the Company as a whole work efficiently and effectively in achieving their functions.

(b) Each year the Board will undertake the following activities:

(i) the Chair will meet with each non-executive Director separately to discuss individual performance and ideas for improvement;

(ii) each individual Director's performance is appraised in a meeting that is led by the Chair that is held with another Director, and in the case of the Chair, a meeting led by a Committee chair and held with another Director;

(iii) the Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement; and

(iv) the Board will disclose whether the above process has been undertaken during or in respect of that year.

10.2 Executive Directors and Key Executives

Each year the Board of the Company will oversee the performance evaluation of the executive team and disclose whether the performance evaluation of the executive team has been undertaken for that year. This evaluation is based on specific criteria, including the business performance of the Company and whether strategic objectives are being achieved and the development of management and personnel.

10.3 Review of Performance Evaluation Process

This Process will be reviewed annually or sooner as required by the Board.