

Board Charter

Echelon Resources Limited

June 2024

1. Introduction

Echelon Resources Limited (the **Company**) is committed to the highest standards of corporate governance and aspires to continuous improvement in its governance performance.

The directors of the Company have been elected by the shareholders and are accordingly authorised to manage the business of the Company in accordance with the Company's Constitution and the law. This Board Charter (**Charter**) should be read alongside the Company's Constitution.

2. Purpose

This Charter sets out the role, responsibilities and structure of the Board, including its Committees and relationships with the Chief Executive, management and shareholders, and processes and procedures relating to these.

The Board is accountable for the performance of the Company. The Board has adopted the following overarching governance objectives to:

- Lay solid foundations for management and oversight.
- Achieve high standards of transparency and ethical and responsible decision-making.
- Structure itself to add value.
- Make timely and balanced disclosure.
- Respect the rights of its shareholders.
- Safeguard integrity in its financial reporting.
- Recognise and manage risks.
- Encourage enhanced performance.
- Promote a corporate culture that upholds agreed Company values.

3. Board role and responsibilities

The Board is primarily responsible for the strategy, culture, governance and performance of the Company, working with and through the Chief Executive and management team. In carrying out this role, it is the Board's responsibility to:

- Set corporate strategy and performance objectives.
- Approve and periodically review all corporate policies under Board authority including all relevant governance practices, policies and procedures.
- Oversee management's implementation of strategic objectives, compliance with corporate policies and performance generally.
- Determine the Company's dividend policy, the amount and timing of all dividends and the operation of the Company's dividend reinvestment plan (if any).
- Meet governance and management needs of the Company, including appointing, removing, and evaluating the performance of the Chair, Company Secretary, Chief Executive and other senior management as required.

- Ensure the Company meets its obligations to shareholders as a listed company, including by providing timely and balanced corporate disclosures.
- Understand the material risks faced by the Company and ensure the Company has appropriate risk management strategies and control measures in place and is actively managing these.
- Approve and monitor financial and other reporting requirements.
- Approve and monitor the progress of any major commercial investments or capital expenditure.
- Approve the Company's annual operational budget.

4. Ethics and behaviour

Board members are expected to uphold high standards of ethical behaviour and to hold management accountable for ensuring compliance with the Company's Code of Business Conduct and Ethics throughout the organisation.

Directors are also subject to the Company's Code of Business Conduct and Ethics.

Directors should bring independent judgement to bear on all Board decisions and, except as permitted by law and disclosed to shareholders, act in the best interests of the Company, ahead of any other interests.

5. Conflicts of interest

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interest, as outlined in the Directors' Interests Policy.

Directors are required to disclose any conflicts of interest and to abstain from voting on matters in which they have a material personal interest.

6. Committees of the Board

The Board may from time to time establish appropriate Committees to assist it by focusing on specific responsibilities, reporting back to the Board and making any necessary recommendations.

The Board shall consider annually the appropriateness, structure and performance of Committees of the Board.

The Board has established the following Committees:

- Audit Committee.
- Nominations and Remuneration Committee.
- Health, Safety, Security, Sustainability and Operational Risk Committee.
- Commercial Committee.

Each formally constituted Committee has a Charter, approved by the Board and reviewed regularly. The Board has sole responsibility for the appointment of directors to Committees and expects that, over time, directors may rotate on or off various Committees as the needs of that Committee change.

Any director is entitled to attend a meeting of a Committee if that director so wishes, except that non-Audit Committee members may only attend Audit Committee meetings at the invitation of the Audit Committee.

The Board may also delegate specific functions to ad hoc Committees as required. The powers delegated to these Committees are set out in Board resolutions.

The remuneration payable to any member of a Committee will be determined by the Board after receiving and considering the recommendation of the of the Nominations and Remuneration Committee.

All Committee Charters are available on the Company's website.

7. Management role and responsibilities

While the Board has overall and final responsibility for the business of the Company, it has delegated responsibility for the day-to-day management of the business and implementation of strategic objectives to the Chief Executive and management team.

The Board has established formal limits on the scope of management's delegated authority to provide clarity to the Chief Executive and management and to allow them to carry out the business of the Company and its subsidiaries in an efficient and effective manner within the parameters of proper corporate governance. These limits are set out in the Delegated Authorities Manual, compliance with which is monitored by the Board through the Audit Committee's audit function.

The Board expects management to manage the business of the Company in accordance with all relevant corporate policies and procedures and to provide high quality, succinct and timely reports, clear and concise decision papers and comprehensive analysis of the performance of the Company, to enable the Board to exercise its governance duties.

8. Relationship with shareholders

The Board is committed to building positive relationships with shareholders of the Company. To this end, the Board will:

- Continuously review commercial, governance, political or other external matters that may impact on the development of the business or interests of shareholders, and if necessary, may take expert advice on these matters.
- Communicate with shareholders, primarily through Annual General Meeting, timely releases to the market, and by meeting NZX reporting requirements including annual and quarterly results.
- Maintaining an up-to-date website which provides shareholders with information about the Company, its business and affairs.

9. Appointment and structure of the Board

The Board will determine the size and composition of the Board, subject to the Company's Constitution and relevant listing rules, and after consideration of any recommendations of the Nominations and Remuneration Committee.

The roles of Chief Executive and Chair of the Board should not be exercised by the same individual.

The Board invites director nominations from security holders on an annual basis.

After receiving and considering the recommendation of the Nominations and Remuneration Committee, the full Board considers nominations and new appointments to ensure that the Board is comprised of individuals who are able to discharge the responsibilities of directors in accordance with the law and high corporate governance standards. Due consideration is also given to the Board's succession plans and skills matrix (if any).

10. Board induction and education

All new directors appointed to the Board will undertake an induction programme coordinated by the Company Secretary, which introduces directors to the Company, its business and the industry it operates in.

Directors are able, at the Company's expense, to undertake appropriate professional development to ensure they have the skills required to effectively perform their duties (including training on key developments in the industry and environment within which the company operates and health and safety).

11. Meetings

All Board meetings will be conducted in accordance with the Company's Constitution and the Companies Act.

Directors are committed to collective decision making but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.

Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

All directors are expected to diligently prepare for, attend and participate in all Board meetings.

12. Access to advice

Any director may, with the prior consent of the Chair of the Audit Committee (or in the case of the Chair of the Audit Committee, the prior consent of the Chair of the Board), obtain independent advice at the Company's expense where the director considers it necessary to carry out their duties and responsibilities as a director. Such consent shall not unreasonably be withheld.

Directors also have complete access to the Company's management through the Chair, Chief Executive or Company Secretary at any time. In addition to regular presentations by management, directors may seek briefings from management on specific matters.

13. Board performance review

The Board shall undertake regular reviews of the operations and performance of the Board, its Committees and individual directors. Where appropriate, the Board may engage external consultants to conduct this review.

In addition to compliance with each Committee's individual Charter, the review shall consider:

- the skills required by the Board, including processes to satisfy any skill-gaps;
- how the required skills are best represented on the Board; and
- the process for identifying suitable candidates for appointment to the Board.

Reviews are undertaken by way of a questionnaire submitted to the directors. Responses are collated and reviewed by the Chair of the Nominations and Remuneration Committee or delegated representative. The Chair Nominations and Remuneration Committee (or delegated representative) then undertakes an overall review on the outcomes and produces a written report which is reviewed by the full Board. Individual director performance is addressed by one-on-one review with the Chair Nominations and Remuneration Committee (or delegated representative). The Chair will conduct the review of the Chair of the Nominations and Remuneration Committee.

14. Corporate governance

As required, the Board will, with the advice and assistance of the Audit Committee, review and evaluate the performance and effectiveness of the Company's corporate governance policies and procedures and, if appropriate, amend those policies and procedures. Where appropriate, the Board may engage external consultants to conduct this review.

15. Review of Charter

The Board will review this Charter on a regular basis to ensure its relevance and effectiveness.