



ACN 127 446 271

CORPORATE GOVERNANCE CHARTER

Version 4

Last updated: September 2014

INTRODUCTION

This Corporate Governance Charter sets out the corporate governance policies and principles adopted by Phoenix Copper Limited. It should be read and followed by all Directors and all other persons who represent the Company.

In drafting this Charter the Company has been guided by the Corporate Governance Principles and Recommendations of the Australian Securities Exchange (**Recommendations**). This Charter should be read in conjunction with the Recommendations which can be viewed at http://www.asx.com.au/about/corporate_governance/index.htm. The Recommendations are not prescriptions but guidelines. They are suggestions for practices designed to optimise corporate performance and accountability in the interests of shareholders and the broader economy. If Phoenix Copper Limited considers that a Recommendation is not appropriate given the circumstances of the Company it is not required to adopt it. According to ASX Listing Rule 4.10.3 the Company is however required to provide a statement in each of its annual reports disclosing the extent to which it has followed the Recommendations during the reporting period. Where a Recommendation has not been followed, the Company must identify the Recommendation in its annual report and give reasons for not following it.

This Charter is the first point of reference for the Company when considering corporate governance issues. It will be reviewed from time to time to ensure it reflects the current Recommendations and is comprehensive.

Graham Ascough
Chairman

September 2014

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1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Corporate Governance Charter, unless the context otherwise requires, the following expressions have the following meanings respectively:

ASX means the Australian Securities Exchange.

Board means the board of directors of the Company.

Chairman means the chairman of the Board.

Company means Phoenix Copper Limited ACN 127 446 271.

Company Secretary means the Company Secretary of the Company;

Council means ASX Corporate Governance Council.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Listing Rules means the official listing rules of ASX.

Managing Director means the managing director of the Company.

Recommendations means the Corporate Governance Principles and Recommendations of the ASX.

Representatives means the Directors and all other persons who represent the Company, including employees of, and contractors to, the Company.

Shareholder means the holder of one or more fully paid ordinary shares in the capital of the Company.

1.2 Interpretation

In this Corporate Governance Charter, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause or paragraph is to a clause or paragraph of this Corporate Governance Charter;
- (d) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (e) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them; and

- (f) **including, includes** and similar expressions, and the giving of examples, do not limit what else may be included.

2. MANAGEMENT AND OVERSIGHT

2.1 Role of Board

The Board is responsible for the overall corporate governance of the Company. The Board's primary responsibility is to the Shareholders but it must also have regard for the interests of other stakeholders and the broader community. The Board is committed to the safety and health of Representatives and protecting the environment.

The most important responsibilities of the Board include:

- (a) Providing oversight and strategic direction to the Company;
- (b) Overseeing the Company's performance in relation to the safety and health of Representatives and protection of the environment;
- (c) Appointing, removing and monitoring the performance of the Chairman, Managing Director, senior executives, managers, senior consultants and the Company Secretary;
- (d) Reviewing, approving and monitoring the progress of budgets, financial plans, acquisitions, divestments and major capital expenditure;
- (e) Approving and monitoring financial performance and financial reporting including approval of the annual and half-year reports;
- (f) Reviewing and approving business plans and monitoring the achievement of the Company's strategic goals and objectives;
- (g) Approving remuneration of Directors, senior executives, managers and senior consultants;
- (h) Liaising with the Company's auditors;
- (i) Reporting to Shareholders and ensuring that all regulatory requirements are met;
- (j) Evaluating the Board's performance and recommending the appointment and removal of Directors;
- (k) Identifying and managing material business and legal risks; and
- (l) Improving and protecting the reputation of the Company.

Non-executive Directors do not have responsibility for the day-to-day management of the Company's business, which is the responsibility of the Managing Director.

Management is to regularly review and discuss with the Board the Company's health, safety and environmental protection policies and procedures aimed at achieving industry best practice by the Company and its contractors and enhancing the reputation of the Company. The Managing Director is to promptly notify the Board of all significant health, safety and environmental incidents.

2.2 Structure of Board

A majority of the Board should be independent Directors and the Chairman should be an independent Director.

The Council defines an independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonable be perceived to interfere with, the independent exercise of their judgment. The Recommendations set out factors that should be considered by the Board when determining whether a Director is independent.

The role of Chairman and Managing Director should not be exercised by the same individual.

2.3 Nomination Committee

The Board considers that a separate nomination committee is not necessary for the Company given its current size and complexity. The full Board will be responsible for the duties and responsibilities typically delegated to a nomination committee, including evaluation of the Board's performance and recommendations for the appointment and removal of Directors.

2.4 Retirement by Rotation

The retirement by rotation of Directors is governed by the Company's constitution, the Corporations Act and the Listing Rules.

According to clause 2.5 of the Company's constitution one third of the Directors retire from office at the end of each annual general meeting. A retiring Director remains in office until the end of the meeting and will be eligible for re-election at the meeting.

The Directors to retire by rotation at an annual general meeting are those Directors who have been longest in office since their last election.

According to clause 6.1(9) of the Company's constitution the Managing Director is not subject to retirement by rotation and is not to be taken into account in determining the rotation of retirement of Directors. Any other executive Directors are subject to retirement by rotation.

3. CODE OF CONDUCT

3.1 Purpose

This Code of Conduct states the standards of the Company which must be complied with by all Representatives.

3.2 Non-compliance

Adherence to this Code of Conduct by Representatives is considered mandatory. Any breach of this Code of Conduct may result in disciplinary action and serious breaches or multiple breaches may result in dismissal.

Representatives must report all breaches of this Code of Conduct of which they become aware to their immediate supervisor or a Director. If a Representative is in doubt as to whether this Code of Conduct has been breached the matter should be discussed with their immediate supervisor or a Director.

3.3 Professional Conduct

Representatives must:

- (a) act honestly and with integrity;
- (b) display a professional attitude;
- (c) act in the best interests of the Company;
- (d) exercise due care and diligence in the performance of their duties and responsibilities;
- (e) act in accordance with this Code of Conduct; and
- (f) promote the Company wherever possible.

3.4 Compliance with Laws and Regulations

The Company and its Representatives must comply with all laws and regulations that govern its operation and business, including the Corporations Act and the Listing Rules and all relevant laws and regulations concerning employment such as anti-discrimination, equality of opportunity and occupational health and safety.

Representatives must not knowingly participate in any illegal, unlawful or unethical activity and must seek advice when in any doubt as to whether an activity is illegal, unlawful or unethical.

3.5 Conflicts of Interest

Conflicts of interest are circumstances where some or all of the interests of the Company are inconsistent with, or diverge from, some or all of a Representative's personal interests.

Representatives must not take advantage of Company information or property or their position for their private gain. Representatives must avoid conflicts of interest wherever possible and must make full disclosure of any conflict of interest or potential conflict of interest to the Managing Director.

Clause 5.3 of the Company's constitution sets out further detail in relation to what is required of Directors who have a material personal interest in a matter that relates to the affairs of the Company.

3.6 Confidentiality

Representatives must keep all information that relates to the Company and is commercially sensitive or not in the public domain (**Information**) confidential except where:

- (a) disclosure of the Information is reasonably necessary for the purposes of the discharge of the Representative's duties;
- (b) the Company has given its prior written consent to the disclosure of the Information;
- (c) the Information is or comes into the public domain (other than as a result of a contravention by the Representative of this Charter or any other obligation of confidence); or

(d) disclosure of the Information is required by law.

3.7 Use of Company Assets

Representatives must acquire, maintain and use the Company's assets in an efficient and diligent manner and for legitimate business purposes.

4. SECURITIES DEALING POLICY

4.1 The Insider Trading Prohibition

The Corporations Act states that it is an offence for a person who possesses information that is not generally available and knows or ought reasonably to know that it is not generally available and that if it were it would have a materially impact on the price or value of a security (including an option) issued by the Company, to:

- (a) trade in (ie apply for, acquire or dispose of, or enter into an agreement to do any of these things) securities issued by the Company;
- (b) procure another person (eg a family member, friend, or family company, superannuation fund or trust) to trade in securities issued by the Company; or
- (c) communicate the information to another person if you know or ought reasonably to know that the person may use the information to trade in or procure another person to trade in securities issued by the Company.

It is the responsibility of each Representative to ensure that they do not breach the insider trading prohibition. Breaches of the insider trading prohibition are considered serious and will result in disciplinary action being taken by the Company.

4.2 Precluded Periods

Subject to clauses 4.1 and 4.3, Representatives who are:

- (a) Directors;
- (b) Company Secretaries; or
- (c) employees of, or contractors to, the Company and have access to the Company's financial information or drilling results

are permitted to trade in the Company's securities throughout the year except during the following periods:

- (d) the period between the end of each quarter and the release of the Company's report for that quarter to the ASX for so long as the Company is required by the Listing Rules to lodge quarterly reports;
- (e) the period between the end of the Financial Year and the release of the Company's annual report to the ASX; and
- (f) the period between the end of the Half Year and the release of the Company's half year report to the ASX.

4.3 Exception to Precluded Period

Regarding the precluded periods specified in clause 4.2, an exception may be made, with the following authorisation:

- (1) For Representatives excluding Directors, the Chief Executive Officer, and the Company Secretary – by written or email consent provided by the Chief Executive Officer and the Company Chairman;
- (2) For the Chief Executive Officer, Company Secretary, and any Director excluding the Company Chairman – by written or email consent provided by the Company Chairman and one other Director;
- (3) For the Company Chairman – by written or email consent from any two other Directors.

An exception as described above may only be made where the Representatives providing the authorisation are fully satisfied that the market is already fully informed of all matters that will be contained in the Company's quarterly, half-yearly or annual report (as relevant), and that trading in the securities of the Company would not be unlawful or illegal.

4.4 Written Consent

Outside of precluded periods, Representatives other than the Chief Executive Officer must obtain written or email consent from the Chief Executive Officer prior to trading in the Company's securities. Outside of precluded periods, the Chief Executive Officer must obtain written or email consent from the Chairman prior to trading in the Company's securities.

4.5 Changes in Directors' Shareholdings

Directors must advise the Company Secretary of changes to their shareholdings in the Company and any of its related bodies corporate within two business days of the change.

4.6 Waivers

In exceptional circumstances, where the Chairman and Chief Executive Officer agree, they may, in their discretion, waive a part of this Securities Dealing Policy to allow Representatives to trade in the securities of the Company where to do so would not be unlawful or illegal.

5. CONTINUOUS DISCLOSURE POLICY

The Company understands and is mindful of its obligations under the Corporations Act and Listing Rules to disclose price sensitive information, being any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Price sensitive information shall be publicly released to ASX before it is disclosed to analysts or other persons outside the Company.

The Board is responsible for ensuring that the Company's system for disclosing price sensitive information to ASX in a timely fashion is operating effectively.

6. SHAREHOLDER COMMUNICATION POLICY

The Board is responsible for ensuring that the Company's communication with its shareholders is adequate and appropriate.

Each year the Company will produce and release to ASX an annual report, a half year report, and four quarterly reports (for so long as it is a Company required by the Listing Rules to lodge quarterly reports).

The Company will also communicate with its shareholders through its website (www.phoenixcopper.com.au), other ASX announcements, notices of general meetings, annual general meetings, its share registry and other means as appropriate.

The Company will request that its auditors attend each annual general meeting of the Company and be available to answer any questions Shareholders may have in relation to the conduct of the audit and the preparation and content of the auditor's report in the Company's annual report.

7. INDEPENDENT PROFESSIONAL ADVICE

Directors have the right in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense where prior written or email approval has been obtained from the Chairman. Such approval will not be unreasonably withheld.

8. AUDIT COMMITTEE CHARTER

8.1 Structure of Audit Committee

The Board will form and appoint an Audit Committee. The chairman of the Audit Committee should be an independent Director (see clause 2.2 for the definition of independent director) and not the Chairman. The Audit Committee should be structured so that it consists only of non-executive Directors. Where the Board comprises only three members the Audit Committee will consist of two non-executive Directors. Where the Board comprises more than three members the Audit Committee will consist of at least three members.

8.2 Duties and Responsibilities

The Audit Committee's responsibilities include:

- (a) establishing risk management controls and procedures and regularly testing the effectiveness of these controls and procedures;
- (b) reviewing the Company's annual reports and half year reports;
- (c) reviewing the performance of the external auditors;
- (d) evaluating the adequacy and effectiveness of the Company's accounting policies through ongoing communication with management, the Company's accountants and external auditors;
- (e) ensuring that the Company's financial reports comply with the accounting standards and the law;

- (f) reviewing, at least twice annually, the Company's risk management controls and performance with the Company's external auditors and ensuring the review process and recommendations are recorded and signed by the chairman of the Audit Committee and the auditors; and
- (g) investigating any matters raised by the external auditors.

8.3 Meetings

The Audit Committee will hold two regular meetings per year and such additional meetings as the chairman of the Audit Committee decides.

The chairman of the Audit Committee is required to call an Audit Committee meeting if requested to do so by any Audit Committee member, the Chairman of the Company's external auditors.

The Company Secretary will be responsible for keeping the minutes of Audit Committee meetings and circulating them to Audit Committee members and other members of the Board.

A quorum will consist of a majority of Audit Committee members.

8.4 Authority

The Audit Committee discharges its responsibilities by making recommendations to the Board. The Audit Committee does not have any executive powers to commit the Board or management to implement its recommendations.

9. REMUNERATION

At this early stage of the Company's development the full Board acts as the Company's remuneration committee.

The Company embodies the following principles in its remuneration framework:

- (a) provide competitive rewards to attract and retain high calibre executives and directors;
- (b) link executive rewards to Shareholder value;
- (c) link reward with the strategic goals and performance of the Company; and
- (d) ensure total remuneration is competitive by market standards.

The Board is responsible for determining and reviewing remuneration arrangements for the non-executive Directors, the Managing Director and any senior executives. The Board will assess the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from retention of a high quality Board and executive team.

External advice on remuneration matters will be sought whenever the Board deems it necessary.

10. MANAGING RISK

While the Audit Committee will be involved in establishing risk management controls and procedures and regularly testing the effectiveness of these controls and procedures, the Board is ultimately responsible for:

- (a) identifying and managing areas of significant business risk;
- (b) ensuring that arrangements are in place to adequately manage these risks; and
- (c) evaluating the effectiveness of and compliance with this Corporate Governance Charter.

Recognised areas of risk include financial, legal, reputation, operation and strategic risks.

Management will regularly report to the Board as to the effectiveness of the Company's management of its material business risks.