

## Board Charter and the Role of Key Executives

### 1. Introduction

In carrying out its responsibilities and exercising its powers, the board recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the shareholders of Toro Energy Ltd (the Company), as well as its employees, customers, and the community. It works to promote and maintain an environment within the company that establishes these principles as basic guidelines for its employees and representatives.

### 2. Purpose and Role

2.1 The board is responsible for:

- a) charting the direction, strategies and financial objectives of the company;
- b) monitoring the implementation of strategies and the achievement of financial objectives;
- c) monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- d) establishing and monitoring Company policies
- e) reporting to shareholders and the investment community on the performance and state of the company; and
- f) reviewing succession planning for the Managing Director.

2.2 In performing the responsibilities set out above the board acts at all times:

- a) in a manner designed to create and build sustainable value for shareholders; and
- b) in accordance with the duties and obligations imposed upon them by the Company's constitution and by law.

### 3. Powers

3.1 In addition to matters expressly required by law to be approved by the board, powers specifically reserved for the board are as follows:

- a) approving each of the following:
  - i. the strategic plan, at least annually;
  - ii. the budget, at least annually;

- iii. the appointment and, where appropriate, the removal of the Company Secretary;
  - iv. significant changes to organisational structure;
  - v. the acquisition, establishment, disposal or cessation of any significant business of the company;
  - vi. the issue of any shares, options, equity instruments or other securities in the company;
  - vii. any public statements which reflect significant issues of the company policy or strategy; and
  - viii. any changes to the discretions delegated from the board.
- b) appointing and removing the Managing Director and determining his or her terms and conditions of employment (including remuneration);
  - c) reviewing and ratifying each of the following:
    - i. systems of risk management and internal control and compliance, codes of conduct and legal compliance;
    - ii. major capital expenditure, capital management, and acquisitions and divestitures;
  - d) any matters in excess of the Managing Director's delegated authority levels.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise.

#### **4. Board Membership**

- 4.1 Where possible the board will comprise a majority of independent directors.
- 4.2 Board membership will be reviewed annually by the board to continue to ensure that both non-independent and independent directors add value to shareholders through their varied skills, knowledge and experience.
- 4.3 Where possible the directors will appoint an independent director as Chairman of the board.

#### **5. Independence**

- 5.1 In assessing independence the board takes into consideration those relationships that may impact independence as noted in Principle 2, Box 2.3 of the Corporate Governance Principles and Recommendations.

5.2 If a director becomes aware of a matter which may affect their ability to continue to carry out their role independently they shall notify the board via the Chairman and Company Secretary.

## **6. Meetings**

6.1 Board meetings will be convened at regular intervals to ensure that the Board can appropriately discharge its duties.

6.2 Board papers are provided to directors, where possible, five days prior to the relevant meeting.

6.3 Any director may request a matter be added to the proposed agenda for the Board meeting.

## **7. Outside Directorships**

A non-executive director should advise the board of any outside directorships at the time of accepting appointment to the board and confirm their ability to allocate sufficient time to their role on the board of the Company. A non-executive director should notify the Chairman of the board in the event of accepting any invitations to become a director of another company.

## **8. Board Committees**

The board from time to time establishes committees to assist it in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the board may consider appropriate.

## **9. The Chairman**

9.1 The directors elect one of their number to the office of Chairman and may determine the period for which that director is to be Chairman.

9.2 The Chairman presides over meetings of the board and general meetings of shareholders.

9.3 The Chairman is responsible for leading and managing the board in the discharge of its duties.

9.4 The Chairman will facilitate effective contributions from directors and promote constructive and respectful relations between directors and between board and management.

## **10. The Company Secretary**

10.1 The Company Secretary supports the effectiveness of the board by:

- a) monitoring that board policy and procedures are followed;
- b) coordinating the completion and despatch of board agendas and briefing papers and ensuring business at board and committee meetings is accurately captured in minutes;

- c) advising the board and its committees on corporate governance matters;
- d) Facilitating the induction and professional development of directors.

10.2 The Company Secretary is responsible to the board, through the Chairman, on all governance matters.

## **11. The Managing Director**

11.1 The Managing Director's duties include the:

- a) formulation of business and financial strategies to develop the company's business;
- b) accountability for planning, coordinating and directing the operations of the company to achieve strategic, financial and operating objectives as agreed with the board;
- c) promotion of the interests of the company; and
- d) faithful and diligent performance of the duties and powers as:
  - consistent with the position of a managing director of the company; and
  - assigned by the board.

11.2 In fulfilling his or her duties, the Managing Director:

- e) reports directly to the board;
- f) provides prompt and full information to the board regarding the conduct of the business of the company; and
- g) complies with reasonable directions given by the board.

## **12. Key Executives and Management**

The role and responsibilities of Key Executives and Management includes the day to day management of the Company's affairs, the initiation of activities to achieve performance targets set by the Managing Director and the implementation of the corporate strategy as delegated by the Managing Director.

## **13. Board Self Assessment**

The board undertakes an annual performance evaluation of itself that:

- a) compares the performance of the board with the requirements of its charter; and
- b) effects any improvements to the board charter deemed necessary or desirable.

## **14. Appointments**

Letters of appointment to the board will set out the key terms and conditions relative to the appointment.

## 15. Term of Office

- 15.1 The Company's constitution sets the terms of office and states that at each AGM one third of the directors will retire from office and that no director may retain office for more than 3 years without submitting him or herself for re-election.
- 15.2 A retiring director is eligible for re-election without the necessity of giving any previous notice of his or her intention to submit himself or herself for re-election.
- 15.3 A director may only hold office for a maximum of 10 years in any one continuous period. This provision does not apply to the Managing Director.

This charter was adopted by the Board on the 17th day of June 2016 and will be reviewed by the Board on an annual basis.