



# TROY RESOURCES NL

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## STATEMENT OF BOARD AND MANAGEMENT FUNCTIONS

### 1. Role of the Board

The management and control of the business and affairs of the Company are vested in the Board of directors. The Board sets the direction and guides and monitors the business and affairs of the Company on behalf of shareholders, by whom the directors are elected and to whom they are accountable.

The primary functions of the Board include:

- developing and setting the Company's strategic direction in conjunction with management;
- overall review of performance against targets and objectives;
- ensuring the Company has adequate systems and internal controls together with appropriate monitoring of compliance activities; and
- reporting to shareholders on the direction and performance of the Company.

### 2. Responsibility of the Board

The Board is collectively responsible for promoting the success of the Company by:

- (a) supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed which includes but is not limited to (a) to (h);
- (b) ensuring the Company is properly managed, for example, by:
  - (i) appointing and removing the Chief Executive Officer and the Managing Director of the Company;
  - (ii) ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer, the Company Secretary and other members of senior management;
  - (iii) input into, and final approval of, management's development of corporate strategy and performance objectives;
  - (iv) reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct, and legal compliance;



- (v) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (d) approval of the annual budget;
- (e) monitoring the financial, environmental and health and safety performance of the Company;
- (f) approving and monitoring financial and other reporting;
- (g) overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company; and
- (h) liaising with the Company's external auditors and audit committee.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. In person Board Meetings are to be held at least three times a year with additional meetings held by telephone linkup and circular Board resolutions where applicable.

The Board may from time to time delegate some of its responsibilities listed above to its senior management team (except for paragraphs (a), (b), (d), (f) and (g) and where any matter exceeds the Materiality Threshold as defined below).

### 3. **Materiality Threshold**

The Board has agreed on the following guidelines for assessing the Materiality Threshold of matters to be brought to the Board's attention:

(a) **Materiality – Quantitative**

*Balance sheet items*

Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.

*Profit and loss items*

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

(b) **Materiality – Qualitative**

Items are also material if:



- (i) they impact on the reputation of the Company;
- (ii) they involve a breach of legislation;
- (iii) they are outside the ordinary course of business;
- (iv) they could affect the Company's rights to its assets;
- (v) if accumulated they would trigger the quantitative tests;
- (vi) they involve a contingent liability that would have a probable material effect on balance sheet or profit and loss items; or
- (vii) they will have an effect on operations which is likely to result in a material increase or decrease in net income or dividend distribution.

(c) Material Contracts

Contracts will be considered material if:

- (i) they are outside the ordinary course of business;
- (ii) they contain exceptionally onerous provisions in the opinion of the Board;
- (iii) they impact on income or distribution in excess of the quantitative tests;
- (iv) there is a likelihood that either party will default and the default may trigger any of the quantitative tests;
- (v) they are essential to the activities of the Company and cannot be replaced or cannot be replaced without an increase in cost of such a quantum as trigger any of the quantitative tests;
- (vi) they contain or trigger change of control provisions;
- (vii) they are between, or for, the benefit of related parties including Directors; or
- (viii) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the Materiality Threshold.



**4. The Chairman**

The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chairman is also responsible for shareholder communication and arranging Board performance evaluation.

**5. Independent Directors**

The independent directors, along with all directors, are responsible for reviewing and remunerating the performance of senior executives, including Executive Directors. They also contribute to the development of strategy and long term planning.

**6. The Chief Executive Officer**

The Chief Executive Officer is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board with a focus on corporate activities, project generation and exploration. In carrying out his/her responsibilities the Chief Executive Officer must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

**7. Role and Responsibility of Management**

The Managing Director is responsible for running the day to day operational affairs of the Company.

The role of management is to support the Chief Executive Officer and the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the Chief Executive Officer or if the matter concerns the Chief Executive Officer then directly to the Chairman or the lead independent director, as appropriate.

