BOARD CHARTER

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Clara Resources Australia Limited ("COMPANY")

1) Overview

The role of the Board is to demonstrate leadership and provide supervision of the Company's senior management. The Board defines the purpose of the Company, approves the Company's statement of value and Code of Conduct, provides the strategic direction of the Company, and regularly measures the progression by senior management of that strategic direction.

The Board bases its decisions on the Company's growth-oriented approach to increase shareholder value, or such other revised strategies as may be adopted and approved by the Board. As part of this process, the Board will:

- provide input that assists in identifying and understanding emerging trends and issues;
- agree the broad framework within which the strategic and business plans will be prepared each year;
- recommend any significant shifts in the broad strategic direction of the Company; and
- review, develop, and approve the long-term strategic plan and ensure the Company develop annual business plans to achieve its strategic objectives.

This Board Charter sets out the functions and responsibilities of the Board and details the manner in which the Board will operate.

2) Duties and Responsibilities

Generally, the powers and obligations of the Board are governed by the *Corporation Act* and the general law. The Board is collectively responsible for promoting the success of the Company by:

(a) Appointing a board chair to facilitate the proper functioning of the Board;

(b) monitoring the culture of and within the Company, having regard to its core values and its Code of Conduct; ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;

(c) developing, implementing, and monitoring operational and financial targets for the Company;

(d) appointing appropriate staff, consultants, and experts to assist in the Company's operations, including the selection and monitoring of a Chief Executive Officer;

(e) ensuring appropriate financial and risk management frameworks are implemented and monitored;

(f) approving and monitoring financial and other reporting;

(g) setting, monitoring, and ensuring appropriate accountability for Directors' and executive officers' remuneration;

(h) establishing and maintaining the process for effective and timely market disclosure, together with communications and relations between the Company and third parties, including its shareholders and ASX;

(i) implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;

(j) ratifying the appointment and, where appropriate, removal of the Chief Financial Officer and the Company Secretary;

(k) input into and final approval of the management's development of corporate strategy and performance objectives;

(l) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;

(m) monitoring senior management's performance, implementation of strategy and ensuring appropriate resources are available;

(n) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;

(o) approving the annual budget;

(p) monitoring the financial performance of the Company;

(q) liaising with the Company's external auditors;

(r) monitoring, and ensuring compliance with, all of the Company's legal obligations;

(s) approving and monitoring financial and other reporting;

(t) appointing and overseeing Committees where appropriate to assist in the above functions and powers;

(u) making regular assessment of whether each non-executive Director is independent in accordance with *Assessing the Independent Directors Policy;*

(v) monitoring the effectiveness of the Company's corporate governance, policies and practices;

3) Delegations

The Board has constituted an Audit and Risk Committee, but not a Remuneration Committee or a Nominations Committee due to the current size and structure of the Company and its Board. In the absence of formally constituted Remuneration and Nominations Committees, the entire Board is responsible for the proper oversight of the functions normally fulfilled by those committees.

Audit and Risk Committee

The Board has established an Audit and Risk Committee which assists in fulfilling corporate governance responsibilities in regard to:

(a) the reliability and integrity of financial information for inclusion in the Company's financial statements;

(b) audit, accounting and financial reporting obligations;

(c) the adequacy of the Company's audit arrangements; and

(d) the Company's internal control systems and risk management framework.

The Board has adopted a Charter for the Audit and Risk Committee, a full copy of which is available on the Company's Website.

Senior Management

The Board delegates to senior management the responsibility for the day-to-day activities leading toward achievement of the Company's strategic direction, provided those matters do not exceed the Materiality threshold as defined in Appendix A. Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be part of senior management.

Chief Executive Officer (CEO) – (If Appointed)

The Board has delegated to the CEO the responsibility for running the affairs of the Company and to implement the policies and strategy set by the Board. In carrying out their responsibilities the CEO must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is likely to exceed the Materiality Threshold.

All reports to the Board must present a true and fair view of the Company's financial condition and operational results.

The CEO is also responsible for appointing and, where appropriate, removing senior executives, including the chief financial officer, with the approval of the Board. The CEO is responsible for evaluating the performance of senior executives.

4) Access to Information and Advice

4.1 Chair of the Board

The Nomination Committee recommends a Board member to be appointed as Chair of the Board. The Chair should be an independent Director.

The Chair is responsible for leadership of the Board and ensuring that the principles and processes of the Board are maintained. The Chair is also responsible for shareholder communications and overseeing the arrangements for the Board and, as appropriate, individual Director performance evaluations.

The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between board and senior management.

Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Board.

4.2 Non-Executive and/or Independent Directors

The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. The independence of the non-executive Directors is reviewed on a regular basis in accordance with Assessing the Independence of Directors Policy. In assessing independence, the Board takes into account the skills and experience required, in the context of the Company's operations and activities.

The independent Directors may meet without other Directors' present, if appropriate.

The Non-Executive Directors may meet without senior management present from time to time. Such meetings may be facilitated by the Chair or the lead independent Director, as appropriate.

4.3 Appointment

Appointment Letter

Upon appointment, a new Director will be given a formal letter of appointment from the Chairman and/or Company Secretary setting out the key terms, conditions, and responsibilities of their position.

Background checks of candidate appointees are undertaken by the Company prior to formalizing appointment terms and documents.

Induction Program

Upon appointment, the Company Secretary is responsible for arranging for the new Director to undertake an induction program to enable them to gain an understanding of:

(a) the Company's operations and the industry sectors in which it operates;

(b) the culture and core values of the Company;

(c) the Company's financial, strategic, operational and risk management position;

(d) their rights, duties, and responsibilities; and

(e) any other relevant information.

4.4 Access to Independent Advice

Any Director has the right, at any time, to seek independent legal advice at the Company's expense, in relation to their duties as relevant to the affairs of the Company.

5) Administration

5.1 Meetings

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. It is usual practice for the Board to meet at least 10 times each calendar year. However, additional meetings are held as required to address specific issues.

All minutes of Board meetings are signed by the Chair as a true and correct record and are then kept by the Company Secretary and open for inspection by any Director.

Senior management may be invited to attend Board meetings (or part thereof) from time to time where the Board considers their involvement of assistance to the consideration of items of business.

Directors are encouraged to request information from senior executives where they consider such information necessary to make informed decisions.

5.2 Quorum and Voting

Unless otherwise determined by the Board, two Directors comprise a quorum. Each member will have one vote. In the event of an equality of votes the Chair will have a second or casting vote except where there are only two Directors present or competent to vote on the questions.

5.3 Company Secretary

The Board will appoint at least one Company Secretary and his or her appointment and removal is a matter for the Board as a whole. The Company Secretary or their delegate attends meetings and acts as secretary to the Board.

6) Related Party Transactions

The Board has adopted a Related Party Policy and all Directors are responsible for monitoring any transactions which may fall within that policy and ensuring compliance therewith.

Appendix A - Materiality Threshold

The Board has agreed on the following guidelines for assessing the materiality of matters:

Materiality – Quantitative

Balance Sheet items

Balance sheet items are material if they have a value of more than 10% 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.

Materiality – Qualitative

Items are also material if:

(a) they impact on the reputation of the Company;

(b) they involve a breach of legislation;

(c) they are outside the ordinary course of business;

(d) they could affect the Company's rights to its assets;

(e) if accumulated they would trigger the quantitative tests;

(f) they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or

(g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Material Contracts

Contracts will be considered material if:

(a) they are outside the ordinary course of business;

(b) they contain exceptionally onerous provisions in the opinion of the Board;

(c) they impact on income or distribution in excess of the quantitative tests;

(d) there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests;

(e) 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, triggering any of the quantitative tests;

(f) they contain or trigger change of control provisions;

(g) they are between or for the benefit of related parties; or

(h) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which exceeds the materiality threshold ("**Materiality Threshold**").