

BOARD CHARTER

Zambezi Resources Ltd ("COMPANY")

1. Role of the Board

The Board's key objectives are to:

- (a) increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders; and
- (b) ensure the Company is properly managed.

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 (j);
- (b) ensuring the Company is properly managed, for example by:
 - (i) appointing and, where appropriate, removing the Managing Director of the Company;
 - (ii) ratifying the appointment and, where appropriate, the removal of the chief financial officer and the company secretary;
 - (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 control, codes of conduct, and legal compliance; and
 - (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) approving the annual budget;
- (e) monitoring the financial performance of the Company;

- (f) approving and monitoring financial and other reporting;
- (g) providing 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;
- (h) appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- (i) liaising with the Company's external auditors and Audit Committee (where there is a separate Audit Committee); and
- (j) monitoring and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities (not less than every second month).

The Board may not delegate its overall responsibility for the matters listed above however, it may delegate related day-to-day activities provided those matters do not exceed the Materiality Threshold as defined below.

3. 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 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 5% 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 5% 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 5%.

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 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 triggers the materiality threshold ("**Materiality Threshold**").

4. The Chairperson

The chairperson 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 chairperson is also responsible for shareholder communication and arranging Board performance evaluation.

5. Independent Directors

It is a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the required skills and

experience required, in the context of the Company's operations and activities from time to time. In determining whether or not the directors are independent, the Board applies the criteria as set out in the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

Where the chairperson is not an independent director, the Company will appoint a lead independent director. The lead independent director will take over the role of the chairperson when the chairperson is unable to act in that capacity as a result of his or her lack of independence.

The independent directors, along with all directors, are responsible for the reviewing and challenging executive performance. They are also responsible for contributing to the development of strategy.

6. The Managing Director

The Managing Director 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. In carrying out his/her responsibilities the Managing Director 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 role of management is to support 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 Managing Director or, if the matter concerns the Managing Director, then directly to the chairperson or the lead independent director, as appropriate.