

CARAWINE RESOURCES LIMITED

**SELECTION AND APPOINTMENT
OF DIRECTORS POLICY**

PREAMBLE

The Board's policy is to ensure the Board consists of members with the range of skills and qualities to meet its primary responsibility for promoting the success of Carawine Resources Limited and its subsidiaries ("**Carawine**") in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.

Board renewal is critical to performance of Carawine. The Board is conscious of the duration of each director's tenure in succession planning. Retiring directors are not automatically re-appointed. Directors are generally appointed for a period of three years and are subject to the selection and appointment procedures outlined below.

The Remuneration and Nomination Committee considers the selection and re-appointment of non-executive directors and makes a recommendation to the Board.

This policy embraces the principles contained in the ASX Corporate Governance Council's Principles and Recommendations ("ASX Principles").

COMPOSITION AND COMMITMENT OF THE BOARD

The Board should be of a size and composition that is conducive to making appropriate decisions. It should be large enough to incorporate a variety of perspectives and skills, and to represent the best interests of Carawine as a whole rather than of individual shareholders or interest groups. It should not be so large that effective decision-making is hindered. The majority of the Board, and the Chair of the Board, should be 'independent directors', which are non-executive directors who:

- are not members of management;
- are free of any business or other relationship that could materially interfere, or be reasonably perceived to interfere, with the directors' independent exercise of judgement;
- are not a substantial shareholder or directly associated with a substantial shareholder of Carawine;
- are not employed, or have not previously been employed within than past three years, in an executive capacity by Carawine;
- have not previously been a principal of a material professional adviser or a material consultant to Carawine or an employee of an adviser or consultant;
- are not a material supplier or customer of Carawine or associated to a material supplier or customer; and
- do not have a material contractual relationship with Carawine.

Directors should devote the necessary time to the tasks entrusted to them. All directors should consider the number and nature of their directorships and calls on their time from other commitments.

Non-executive directors should advise the Board before accepting any new appointments as directors. It is Board policy that no full time executive director should take on more than one non-executive directorship or the Chair of an ASX 200 company.

PROCEDURE FOR THE SELECTION AND APPOINTMENT OF DIRECTORS

The Remuneration and Nomination Committee must:

- assess the current Board's skills, experience and expertise to identify the skills that would best increase Board effectiveness;
- assess the needs of the business currently and going forward to ensure that the Board is structured in a way that it:
 - has a proper understanding of, and competence to deal with, the current and emerging issues of the business;
 - exercises independent judgement;
 - encourages and enables the enhanced performance of Carawine; and
 - can effectively review and challenge the performance of management;
- develop selection criteria for potential Board candidate(s);
- stimulate informal discussion by the Board and procure the Board to generate a list of potential candidates who may fill the stated criteria;
- where necessary, use the services of an independent executive search firm to assess the appropriateness of potential candidates or to supplement a candidate list provided by directors;
- conduct an assessment of the final potential candidate(s) against the selection criteria;
- engage the Board to examine the final list, and preferred order, of candidate(s);
- engage the Chair to approach desired candidate(s) with an offer of employment; and
- if accepted, facilitate the candidate being appointed to the Board.

If a candidate is appointed as a non-executive director, the term of appointment must be for the specific term (subject to re-election) provided by Carawine's constitution and the *Corporations Act 2001* (Cth) and ASX Listing Rules provisions concerning removal of a director. The terms and conditions of appointment of non-executive directors are available for inspection by Carawine's employees.

Formal letters of appointment to the Board should set out:

- the expected time commitment;
- term of appointment;
- powers and duties of directors;
- duties or arrangements attaching to the position;
- circumstances in which an office of director becomes vacant;
- expectations regarding involvement with committee work;
- remuneration (including superannuation) and expenses;
- requirement to disclose directors interests and any matters which affect the directors independence
- fellow directors;
- trading policy governing dealings in securities and related financial instruments by directors, including notification requirements;
- induction training and continuing education arrangements;
- Board policy on access to independent professional advice;

- indemnity and insurance arrangements;
- confidentiality and rights of access to corporate information;
- a copy of Carawine Limited's constitution; and
- organisational chart of management structure.

Non-executive directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the Board before appointment, with a broad indication of the time involved, and the Board should be informed of subsequent changes.

APPOINTMENT OF DIRECTORS

Appointment of a candidate as a director of Carawine must be ratified by the shareholders of Carawine by ordinary resolution at the next general meeting of Carawine. The names of candidates submitted for election as directors should be sent to Carawine's shareholders and accompanied by the following information to enable shareholders to make an informed decision as to proposed appointment of directors:

- the candidate's biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
- details of relationships between the candidate and Carawine;
- details of relationships between the candidate and the directors of Carawine;
- directorships of other companies currently and previously held by the candidate;
- particulars of other positions currently held which involve significant time commitments;
- the term of office currently served by directors of Carawine, subject to re-election; and
- any other particulars required to be disclosed to shareholders by law.

The appointment of directors to the Board must be announced to the relevant stock exchanges on which Carawine is listed.

PROCEDURE FOR THE RE-APPOINTMENT OF DIRECTORS

The re-appointment of directors should not be automatic. The Board should ensure planned and progressive refreshing of the Board. The directors of Carawine who have held office for the longest time retire by rotation (other than the Managing Director), by one third (or the number of directors nearest to, but not more than, one third) of directors retiring at the close of each annual general meeting of Carawine.

All directors should be submitted for re-election by the Remuneration and Nomination Committee at regular intervals, subject to continued satisfactory performance.

In determining whether directors should be submitted for re-appointment to the Board, the Remuneration and Nomination Committee should:

- assess the current Board's skills and qualities;
- assess the needs of Carawine's business currently and going forward;

- request that the directors provide details and information supporting their proposed reappointment;
- measure the retiring director's performance and skills against the selection criteria for directors set by the Remuneration and Nomination Committee; and
- obtain the Board's recommendations as to whether the retiring director should stand for re-election at the next annual general meeting.

In support of their re-election, non-executive directors should provide the Remuneration and Nomination Committee with details of other commitments, including directorships and Chair of other companies and committees, and an indication of the time involved and demands placed on that director in respect of those other commitments. The Remuneration and Nomination Committee should regularly review the time that Carawine expects a non-executive director to dedicate to Carawine and assess whether non-executive directors are meeting that requirement.

If recommended for re-appointment to the Board, the retiring director stands for re-election at the next annual general meeting, in accordance with Carawine's constitution, ASX Listing Rules and the *Corporations Act 2001* (Cth)

PROCESS FOR EVALUATION

In evaluating the performance and operations of the Board from time-to-time (prior to determining the eligibility of candidates for election to the Board), the Remuneration and Nomination Committee must measure the Board's compliance with:

- Carawine's Code of Conduct;
- Carawine's Board Charter;
- the ASX Principles;
- the *Corporations Act 2001* (Cth);
- ASX Listing Rules; and
- the provisions of any other relevant Act or regulations.

The performance of the Board and each of its committees is reviewed annually.

In evaluating whether individual directors are carrying out their duties in accordance with Carawine policies and the requirements of the law', the Board will interview, and obtain performance reports for, each director.

The Board (as a whole) reviews the performance of individual Directors annually.

AMENDMENT OF THIS POLICY

This policy has been adopted by the Board. Any amendment to this policy can only be approved by the Board.

REVIEW OF THIS POLICY

The Company Secretary will conduct a review of this policy and the effectiveness of Carawine's standards of conduct with respect to the objects of this policy at least once

annually, to ensure compliance with the law and determine the extent to which the ASX Principles have been met. The Company Secretary will report to the Board with his or her recommendations for consideration by the Board.

DISCLOSURE

A copy of this policy should be made available on Carawine's website and should be made available to shareholders of Carawine upon request.