

Policies

Board Charter

1. Objectives

The Board, as the representative of the Company's shareholders, is responsible for the overall corporate governance of the Company. Its objectives are to govern in a way that:

- 1.1. provides clear accountability;
- 1.2. protects the rights and interests of shareholders and other stakeholders;
- 1.3. provides for proper management of the company's assets;
- 1.4. supports the achievement of the company's fiduciary, environmental, health, safety, social and other obligations;
- 1.5. preserves and enhances the Company's reputation and standing in the community; and
- 1.6. supports the achievement of shareholder value within a framework of appropriate risk assessment and management.

2. Responsibilities

Its main responsibilities are to:

- 2.1 appointing and where necessary removing the Managing Director/Chief Executive Officer ("**Chief Executive**") and determining that person's remuneration (including termination benefits);
- 2.2 providing input into, and adopting the strategic plan and budget of the Company, as prepared by management;
- 2.3 oversight of financial and operational performance against the strategic plan and budget;
- 2.4 approving and monitoring the progress of all material acquisitions, divestments, contracts operational programs and major capital expenditure;
- 2.5 approving capital raisings (debt or equity) by the Company;
- 2.6 oversight of the audit, compliance, internal control and financial and operational risk management functions of the Company to ensure that they operate effectively;
- 2.7 oversight of financial reporting and communication to the Company's shareholders and the investment community and shareholder relations generally;
- 2.8 oversight of the Company's employee-relations and ethical, social and environmental behaviour;
- 2.9 reviewing the performance of the Board as a whole, Board Committees and individual directors;

3. Constitution

The Board is constituted by its Constitution, under which it is vested with the power to manage the Company.

The Board may delegate certain of its powers to the Chief Executive, Board committees, subsidiary boards and other persons (see "Delegation" section below). The Board retains ultimate responsibility for the management of the Company. The Constitution shall govern the regulation of meetings and proceedings of the Board.

4. Composition

The Board shall have at least 3, but no more than 9 directors. The Board has determined that, at the current stage of the Company's development, the optimum number of Directors is 4 (inclusive of the Chief Executive).

At least half of the board shall be comprised of independent directors.

In determining whether or not a director is to be considered independent, the Board will have regard to the following definition set out in the Company's Independence Policy:

"An independent director is independent of management and has no material business or other relationship with the Alliance Resources Limited that could materially impede the objectivity of, or the exercise or independent judgment by, the Director or materially influence their ability to act in the best interests of the Company."

An interest, relationship or business is considered "material" having regard to the nature, circumstances and activities of the director and is viewed from the perspective of the Company, the persons and organisations with which the director has an affiliation, and the director.

A Director must disclose to the Chairman any matter that may, or has the potential to, give rise to a conflict between the interests of the Director and the Company as soon as the matter arises.

The Board shall select and recommend candidates for election to the Board to shareholders, following consideration of recommendations made by the Nomination Committee.

The Board shall be comprised of directors:

- 4.1 who are financially literate;
- 4.2 at least 1 of whom has financial expertise; and
- 4.3 who, together, have an appropriate mix and depth of skills, experience and knowledge in order to meet the Board's responsibilities and objectives.

Upon appointment, new directors shall be given a detailed briefing by the Chairman and/or his nominee(s) on key Board issues and provided with appropriate background documentation. These issues shall include:

- 4.4 the Company's financial, strategic, operational and risk management position;
- 4.5 directors' rights, duties and responsibilities; and
- 4.6 the role of the Board and the Board committees.

Formal letters of appointment of each director shall set out their responsibilities and key terms of engagement.

5. Term

All directors (except the Chief Executive) shall submit themselves for re-election in accordance with the Constitution, but at least at every third AGM.

Before a director is recommended for re-election, the Chairman, either directly or via the Nominations Committee, shall consult with the other directors regarding the director's effectiveness. Based upon the outcome of these consultations, the Board shall then determine whether or not to recommend the director for re-election.

6. Chairman

The Board shall appoint the Chairman of the Board. The Chairman shall be an independent director. The Chairman shall be responsible for:

- 6.1 leadership of the Board;
- 6.2 efficient organisation and conduct of the Board's function;
- 6.3 ensuring that all relevant issues are on the agenda for directors' meetings;
- 6.4 briefing of all directors on key issues;
- 6.5 facilitating the effective contribution of all directors;
- 6.6 guiding Board deliberations, free of undue bias; and
- 6.7 promoting constructive and respectful relations between directors and between Board and management.

The Board shall appoint an acting Chairman for any meeting at which the Chairman is absent.

7. Meetings

The Board shall meet regularly, in accordance with a schedule agreed at the commencement of each financial year. Additional meetings shall be called on a needs basis.

Any director can convene a Board meeting.

The non-executive directors shall also meet on their own, from time to time, to review the performance of management generally and discuss corporate governance issues on a needs basis.

8. Agenda

The Chair shall review, with the Chief Executive, the agenda for each meeting prior to its issue.

Any director may require business to be included on the agenda. The director will first consult with the Chairman with respect to that business.

The Board shall maintain and observe a rolling 12 month agenda to ensure that key governance issues and the Group's operations are reviewed on a regular, ongoing basis.

9. Attendance

The Manager Finance & Company Secretary shall be a permanent invitee to meetings. Other Company executives, External Auditors, Internal Auditors and other advisers, as the Chairman thinks fit, may be invited to attend meetings.

No executive director shall be present at a Board meeting during deliberations concerning their position unless otherwise agreed by the Board.

10. Secretary

The Company Secretary shall act as Secretary of the Board and shall attend all meetings of the Board.

The Company Secretary shall:

- 10.1 be accountable to (and report directly to) the Board (through the Chairman if appropriate) on all governance matters;
- 10.2 monitor and ensure that Board policy and procedures are followed; and
- 10.3 co-ordinate the completion and dispatch of the Board agenda and briefing materials.

11. Minutes

Minutes of meetings of the Board shall be prepared by the Secretary, reviewed by the Chief Executive, approved by the Chairman in draft and circulated to all directors.

Minutes of meetings of the Board shall be confirmed at the next meeting of the Board and then signed by the Chairman.

12. Access to Information

Directors have access to the Company's management and Company information through the Chief Executive to assist them in carrying out their duties as directors.

Any director shall have direct access to and may seek information directly from the Company's External and Internal Auditors, provided that all such enquiries are first advised to the Chairman and the Chief Executive.

Directors may obtain independent, professional advice relevant to the Company's affairs to assist them in carrying out their duties as directors at the Company's expense, subject to approval of the Chairman.

13. Delegation to Management

The Board shall delegate responsibility for the day to day management of the Company to the Chief Executive. The Chief Executive may delegate various functions to other employees. The authority of the Chief Executive and other employees shall be detailed by formal delegation of authority.

Formal letters of appointment of the Chief Executive and the Manager Finance & Company Secretary shall set out their respective responsibilities and key terms of engagement.

14. Review of Management

The non-executive directors shall conduct a formal review of the performance of the Chief Executive and the Manager Finance & Company Secretary on an annual basis. They may seek the advice of the Remuneration Committee.

15. Audit

The Board shall receive reports from the Audit Committee and, on the basis of its recommendations:

- 15.1 confirm the appointment of the External Auditors and make recommendations to shareholders for their appointment or removal where necessary;
- 15.2 approve accounts and financial reports (subject to receipt of the statement of the Chief Executive and Manager Finance & Company Secretary referred to in the section entitled "Chief Executive/ Chief Financial Officer: Certificate" below and any other reports or management certificates the Board or the Audit Committee may from time to time request);
- 15.3 adopt accounting policy changes;
- 15.4 appoint or remove the Internal Auditors; and
- 15.5 adopt recommendations of the Internal Auditors.

16. Risk Management

The Board shall require management to design and implement a risk management and internal control system to manage the Company's material business risks. The Board shall receive reports from the Chief Executive and the Audit Committee on the nature and scope of the Company's material business risks and the effectiveness of systems in place to manage those risks and, on the basis of their recommendations the Board will:

- 16.1 adopt or request changes to be made to systems of risk oversight and management and internal control; and
- 16.2 determine acceptable levels of risk.

17. Chief Executive / Chief Financial Officer: Certificate

It is required that prior to approving the financial reports of the Company, the Board will have received from the Chief Executive and the Manager Finance & Company Secretary a declaration in relation to the Company's financial statements in accordance with section 295A of the Corporations Act confirming that:

- 17.1 the Company's financial records have been properly maintained; the financial statements comply with accounting standards; and the financial statements and notes give a true and fair view;
- 17.2 the declaration provided in accordance with section 295A is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks ; and
- 17.3 where the above statements cannot be made in an unqualified manner, an explanation of the facts contributing to such a circumstance and the implications of these facts for both the financial reports and the Company.

18. Director and Senior Executive Remuneration

The Board shall receive reports from the Remuneration Committee and, on the basis of its recommendations:

- 18.1 determine a remuneration framework for directors and changes to Board and Board committee remuneration;
- 18.2 determine the Chief Executive's remuneration;
- 18.3 determine remuneration policies for other senior management, including regarding incentive schemes, retirement allowances and superannuation.

Non-executive directors shall not participate in incentive schemes designed for the remuneration of executives.

19. Board Committees

The Board has the following committees, which may be added to or changed from time to time:

- 19.1 Audit and Risk Committee;
- 19.2 Remuneration Committee; and
- 19.3 Nomination Committee;

Each of the above committees shall:

- 19.4 be comprised of non-executive directors, with a majority of independent directors; and
- 19.5 have a formal charter approved by the Board.

The Board shall review the effectiveness of each of the above committees, against its charter in conjunction with the Chairperson of the relevant committee.

The Board may establish other ad hoc special purpose committees from time to time, with terms of reference approved by the Board.

20. Board Standards and Policies

The Board currently has in place a number of standards and policies, including in particular the following:

- 20.1 Code of Conduct and Ethical Standards;
- 20.2 Market Disclosure & Communications Policy;
- 20.3 Share Trading Policy;
- 20.4 Risk Management Policy;
- 20.5 Diversity Policy;
- 20.6 Treasury Policy; and
- 20.7 Delegation of Authority.

The Board may make changes to these policies with the benefit of recommendations from the relevant Board committees.

21. Board Performance Review

The Board shall receive reports from the Nomination Committee on the composition, size and commitment of the Board.

With the benefit of those reports, the Board shall conduct a formal review of the effectiveness of the Board, its committees and individual directors, on a regular basis.

22. Reporting and Communication

The Board shall report to shareholders and other legitimate stakeholders by:

- 22.1 issuing the Company's annual report, half year review and quarterly production report;
- 22.2 periodic reporting in accordance with the ASX Listing Rules and Corporations Act;
- 22.3 continuous disclosure and communications with the market in accordance with the Company's Market Disclosure & Communications Policy;
- 22.4 posting announcements and other information on its website;
- 22.5 holding its annual general meeting and, on occasions, other general meetings in accordance with the ASX Corporate Governance Council guidelines for communication with shareholders and for improving shareholder participation at general meetings ;
- 22.6 web-casting its general meetings and results presentations; and
- 22.7 continually considering how to use new technologies to enable more effective communications with stakeholders and improved access for shareholders unable to be physically present at general meetings.

23. Review

This Charter shall be reviewed by the Board on a regular basis.

This Board Charter was adopted by the Board on 6 September 2010.

Last reviewed by the Board on 15 August 2012