

**CARBINE RESOURCES LIMITED**  
**ACN 122 976 818**

**INDEPENDENCE MATERIALITY THRESHOLDS**

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**1 INDEPENDENCE OF DIRECTORS<sup>1</sup>**

New standards of independence are emerging in Australia and overseas that will impact on the perception of who can be characterised as an independent non-executive director. The issue of 'independence' is fluid and Carbine Resources Limited ("**Carbine**") to assist in defining independence. However, Carbine is not proposing to adopt hard and fast 'set and forget' rules.

**1.1 Independence standard<sup>2</sup>**

At the time of a director's appointment the Board will consider independence and having regard to the answers to the following questions and resolve whether to consider the relevant director independent.

- (a) Is the director a substantial shareholder of Carbine or an officer of, or otherwise associated directly with, a substantial shareholder of Carbine?
- (b) Has the director, within the last three years been employed in an executive capacity by Carbine or another group member, or been a director after ceasing to hold any such employment?
- (c) Within the last three years has the director been:
  - (i) a principal of a material professional adviser;
  - (ii) a material consultant to Carbine or another group member; or
  - (iii) an employee materially associated with the service provided by such adviser or consultant to Carbine?
- (d) Is the director a material supplier or customer of Carbine or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer?
- (e) Does the director have a material contractual relationship with Carbine or another group member other than as a director of Carbine?

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1 ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, Recommendation 2.1.

2 Box 2.1 of Australian Stock Exchange Corporate Governance Council, Corporate Governance Principles and Recommendations contains a definition of independence adapted from the IFSA Blue Book

- (f) Has the director served on the Board for a period that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Carbine?
- (g) Is the director free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Carbine?

## 1.2 Disclosure of independence<sup>3</sup>

Each independent director of Carbine must regularly provide the Board of Carbine with all information regarding his or her interests that is relevant to his or her independence having regard to the standard discussed in section 1.1. Where the independent status of a director is lost, this must be immediately disclosed to the market.

## 1.3 Annual report disclosure<sup>4</sup>

The Board must ensure that each annual report of Carbine discloses:

- (a) in the corporate governance section, the names of directors who are considered by the Board to be independent;
- (b) the Board's reasons for considering a director to be independent;
- (c) the Board's reasons for considering a director to be independent despite the existence of the relationships set out in **section 1.1**;
- (d) any materiality thresholds that apply to the relationships set out in the **section 1.1**;
- (e) in the corporate governance section, the period of office of each director.

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<sup>3</sup> ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, Recommendation 2.1.

<sup>4</sup> ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, includes in the Guide to Reporting on Principle 2 the matters that should be included in the annual report.