



anvilmining

BOARD CHARTER

Adopted August 2004

Anvil Mining Limited
Level 1, 76 Hasler Road,
Osborne Park WA 6017

Telephone: (61 8) 9481 4700
Facsimile: (61 8) 9201 0125
Homepage: www.anvilmining.com

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1. **Objective of Board Charter**

This Board Charter sets out the role, composition and responsibilities of the Board of Anvil Mining Limited and its subsidiaries ("Anvil" or the "Corporation") as derived from the policies of the Toronto Stock Exchange ("TSX"), the Australian Stock Exchange Limited ("ASX"), the [Articles of Incorporation](#) of the Corporation and certain administrative policies adopted by the Board.

2. **Membership**

- a) The Anvil Articles of Incorporation provide for a minimum of one director and a maximum of 10 directors. The Board has adopted a policy for the time being, to have five directors; four non-executive directors and one executive director - the President & Chief Executive Officer. The Board may review this policy from time to time.
- b) The Board shall consist of a majority of independent non-executive directors. The independence of directors will be determined in accordance with the definitions contained in Proposed Multilateral Policy 58-201, issued January 16, 2004 by the Ontario Securities Commission.¹
- c) The Chairperson of the Board must be an independent non-executive director.
- d) Membership of the Board shall be disclosed in the Corporation's annual report including whether a director is independent or not independent.
- e) The independent board members shall hold regularly scheduled meetings at which members of management are not in attendance.
- f) The Board will establish the following committees:
 - i. Audit Committee,
 - ii. Nomination & Compensation Committee,
 - iii. Corporate Governance Committee, and
 - iv. Any other Committee that may be deemed necessary as a result of the activities of the Corporation.
- g) The Board will establish a charter setting out the responsibilities and reporting obligations of each Board Committee, and evaluating the performance of each Committee.

3. **Board Responsibilities**

The Board of Directors is responsible for supervising the management of the business and affairs of the Corporation in a way which ensures that the interests of shareholders and stakeholders are promoted and protected. In discharging this duty, the Board has the following overall responsibilities:

¹ The definition used in Canada is not as strict as the definition outlined in the ASX Corporate Governance Principles. It differs in the treatment of associates of a substantial shareholder. The ASX Principles automatically eliminate associates of substantial shareholders from the definition of independent whilst the Canadian standard allows some discretion by considering the presence of a material relationship in each situation.

a) Board

- (i) Determining the size and composition of the Board, establishing committees, determining director compensation, selecting and evaluating candidates for election;
- (ii) Maintaining a formal orientation and education program for new directors and ongoing programs for all directors; and
- (iii) Assessing its overall effectiveness as a Board and the effectiveness of individual directors.

(b) Senior Management

- (i) Selecting, evaluating and, if necessary, replacing the President & Chief Executive Officer, Corporate Secretary and other members of senior management;
- (ii) Delegating responsibility and authority for the management of operations and administration of the Anvil Group to the President & Chief Executive Officer;
- (iii) Overseeing succession planning for senior management positions;
- (iv) Approving the compensation of senior management;
- (v) Ensuring that the Corporation has an appropriate blend of senior management skills and capabilities to implement the agreed strategies; and
- (vi) Advising and counselling the President & Chief Executive Officer.

c) Strategy

- (i) Reviewing the effectiveness of the strategic planning process;
- (ii) Approving the Corporation's business objectives and strategic plans;
- (iii) Monitoring corporate performance against approved objectives and strategic plans; and
- (iv) Ensuring there are adequate human and financial resources available to achieve the Corporation's stated objectives.

d) Risk Management, Capital Management and Internal Control

- (i) Reviewing and approving risk management policies and procedures,
- (ii) Monitoring adherence to stated risk management policies and procedures, including political risk management, capital risk management, internal control procedures and management information systems so as to provide reasonable assurance as to the reliability of the Corporation's financial information and the safeguarding of its assets,
- (iii) Monitoring compliance with legislative and regulatory requirements of all jurisdictions in which the Corporation operates, and
- (iv) Monitoring compliance with the Corporation's Code of Business Conduct.

e) Financial Reporting

- (i) Reviewing and approving the annual financial statements,
- (ii) Reviewing the quarterly financial statements, and

(iii) Reviewing and approving material investments and transactions.

f) Communications

- (i) Reporting the financial results to shareholders and other stakeholders,
- (ii) Approving policies with regard to confidentiality of information,
- (iii) Approving policies for trading by employees in the securities of the Corporation, and
- (iv) Monitoring corporate communications and public disclosure.

g) Other

- (i) Performing such other functions as prescribed by law or as assigned to the Board in the Corporation's governing documents.
- (ii) Ensuring that Anvil has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate, social and environmental responsibility.

4. Chairman Responsibilities

- a) The Chairman is to be an independent² director.
- b) Should the Chairman be absent from a meeting, the members of the Board present at the meeting have authority to choose one of their number to chair that particular meeting.
- c) The Chairman is responsible for:
 - Leading the Board in its duties to the Anvil Group;
 - Ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and its individual directors;
 - Facilitating effective review, analysis and discussion at Board meetings; and
 - Ensuring effective communication with shareholders and stakeholders.

5. President & CEO Responsibilities

The President & CEO is responsible for:

- Establishing and implementing the strategic direction of the Anvil Group;
- Managing the efficient and effective operation of the Anvil Group;
- Ensuring that the Corporation is positioned to attract and retain employees with the skills required to implement the strategic plans of the Corporation;
- Managing investor relations for the Corporation;
- Ensuring directors are provided with accurate and clear information in a timely manner in order to promote effective decision-making by the Board; and
- Ensuring all material matters affecting the Anvil Group are brought to the attention of the Board.

² Independence is as it is defined by Ontario Securities Commission Multilateral Policy 58-201. It differs from the definition established by the ASX Corporate Governance Council which specifically excludes associates of substantial shareholders as independent candidates.