

BOARD AND GOVERNANCE CHARTER

This document sets out the principles of governance of Po Valley Energy (PVE) and the conduct of the Board. It is supported by the following specific charters and policies:

- Code of Conduct
- Continuous Disclosure Policy
- Securities Trading Policy
- Shareholder Communications Policy
- Risk Management Policy
- Audit & Risk Committee Charter
- Remuneration Committee Charter
- Nominations Committee Charter

Commitment

The Company and the Board are committed to the achievement of high standards of integrity and governance in all aspects of PVE's activities. In determining what those high standards should involve, PVE has turned to the ASX Corporate Governance Council's Corporate Governance Principles ("ASX Recommendations") and Recommendations (Recommendations). The Directors support the intent of these Principles and note that some recognition is required in their practical application given the limited size and scope of the Company at this time.

The Board and Management believe their primary responsibility is to maintain and grow the value of the Company to its shareholders while respecting the legitimate interests and expectations of employees, customers, creditors, the communities in which PVE operates, and other stakeholders.

Role of the Board

The Board takes ultimate responsibility for corporate governance and operates in accordance with the Company's Constitution.

The key responsibilities of the Board are to:

- Review, advance and approve PVE's:
 - objectives and strategies;
 - business plan and annual budget;
 - exploration and development programmes; and
 - capital management
- Monitor PVE's businesses, financial performance, and corporate governance.
- Oversee the financial position of PVE.
- Report to Shareholders.
- Ensure effective management processes and control systems are in place.
- Appoint, and appraise, the CEO.
- Oversee the senior management team in terms of:
 - review of performance evaluation;
 - succession planning; and
 - remuneration.
- Establish a culture of high ethical, environmental, health and safety standards.
- Monitoring compliance with external regulations, including applicable laws and statutes of jurisdictions outside Australia where PVE operates and internal codes of conduct
- Ensuring significant risks facing PVE business have been identified and controls and reporting mechanisms are in place.
- Ensure the Board is effective.

Role of Management

The management of the business of PVE is conducted by the CEO, as appointed by the Board, and by those other officers and employees to whom the management function is duly delegated by the CEO.

The Board sets authorities for the CEO which are reviewed and updated as required.

A position description for the CEO, and any other executive Director, is developed and agreed between the Board and CEO, along with periodic statements of the objectives of the CEO. The Board conducts an annual review of the performance of senior executives against pre-determined qualitative and quantitative key performance indicators. The last such performance evaluation was conducted in March 2008. Senior executives undergo an induction programme to gain an understanding of PVE's financial position, its strategies, operations and risk management policies as well as the rights, duties, responsibilities and roles of the Board and senior executives.

Board Membership

The following principles have been adopted for the membership of the Board:

- The Board has a majority of Non Executive Directors.
- The Chairman of PVE is an Independent Non Executive Director.
- As required by the PVE Constitution, the term of each Director (except the Managing Director) is three years, with one-third of the Board being subject to re-election by Shareholders at each Annual General Meeting.
- As required by the PVE Constitution and the Corporations Act, the Board shall at all times have at least three members and directors may appoint alternate directors in accordance with the Constitution.
- Size and composition of board is conducive to effective discussion and efficient decision making.

In assessing if a Non-Executive Director is independent, the following factors are taken into account:

- whether he holds less than five percent of the voting shares of PVE (in conjunction with his associates) and is not an officer of PVE, or otherwise associated directly with a Shareholder of more than five percent of the voting shares of PVE;
- whether within the last three years he has been employed in an executive capacity by PVE or another group member, or been a Director after ceasing to hold any such employment;
- whether within the last three years he has been a principal of a material professional adviser or a material consultant to PVE or another group member, or an employee materially associated with the service provided. In this context, the relationship with the professional adviser or consultant shall be deemed to be material if payments from PVE exceed 10% of PVE's annual expenditure to all professionals and consultants or exceed 10% of the recipient's annual revenue for advisory or consultancy services;
- whether he is a material supplier or customer of PVE or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer. In this context, the relationship with the supplier or customer shall be deemed to be material if

annual payments to or from that supplier or customer exceed 10% of the annual consolidated gross revenue of either PVE or that supplier or customer; and

- whether he has a material contractual relationship with PVE or other group member other than as a director of PVE.

At this point in time, the Board does have a majority of non-executive directors, but it does not have a majority of independent directors. The Board believes, however, that the size, composition and skills of the Board are appropriate for a company at PVE's stage of development.

Board Nomination

The Board aims to ensure that it always has an appropriate diversity of qualifications, experience and expertise, consistent with the objectives of PVE. In addition, any candidate must confirm that they have the necessary time to devote to their PVE Board position. A Nominations Committee has been established to assist the Board in its consideration of board composition and performance, appointment and evaluation of the CEO and succession planning for Board members and senior executives.

- Suitable candidates for the Board are identified for appointment having regard to the skills desired and skills represented.
- A formal letter of appointment is issued to all Directors.
- Annually the Nominations Committee conducts a performance review of the Board focussed on:
 - the overall effectiveness and competencies of the Board;
 - the availability and contribution of each individual Director;

- effectiveness of Directors' training and orientation; and
- Succession planning.

The last such performance review of the Board was conducted in December 2007.

The Nominations Committee has a formal charter which sets out the composition, responsibility and processes of the Committee. Presently, the Committee does not conform with all of the Recommendations regarding committees, because the Board does not consider it to be practicable or necessary due to the size and stage of development of the Company and the mix of skills on the Board.

Board Procedures

- As agreed by the Board, there is a clear division of responsibility between the Chairman and CEO.
- Each Director is expected to declare any actual or potential conflict of interest.
- Where conflicts may arise, affected Directors absent themselves from Board deliberation and decisions.
- All Directors have access to information that they need to discharge their responsibilities effectively.
- Non-Executive Directors meet without Executive Directors or senior executives being present, when deemed appropriate.
- Where reasonably necessary, Directors may obtain independent advice subject to prior consultation of the Chairman.
- Directors are expected to be familiar with PVE's strategy, operations, financing and risks; PVE must arrange suitable orientation and training.

- Directors have a right to expect all information relevant to PVE's business and performance to be presented at Board meetings, and can access further information on request.
- Directors must maintain confidentiality of information learned by virtue of their position as Director.
- Non-Executive Directors must confirm they are able to devote such time as is necessary to carry out their duties on the Board.
- Directors advise the Chairman prior to accepting new appointments.
- Directors have access to continuing education to update and enhance their skills and knowledge.

Company Secretary

In recognition of the key role played by the Company Secretary:

- The appointment and removal of the Company Secretary must be approved by the Board.
- All Directors have direct access to the Company Secretary.
- The Company Secretary is expected to monitor PVE's Corporate Governance procedures, and advise of possible improvements.

Standards and Code of Conduct

It is the objective of the Board to foster a culture of high ethical and compliance standards.

To this end:

- Directors must act honestly, in good faith, with high standards of care, diligence and enquiry, and in the best interests of PVE as a whole.
- All directors and employees must abide by PVE's Code of Conduct.

- Directors and senior executives must not use their position to trade in PVE's securities, with all transactions being in accordance with PVE's Securities Trading Policy.
- Any breach of the Code of Conduct or the Securities Trading Policy will result in disciplinary action.

Financial Standards

PVE is committed to high standards of financial integrity and reporting.

- Financial reports are required to present a true and fair view, in all material respects, of PVE's financial condition and operating results.
- A sound and effective system of risk management and internal control is required, consistent with PVE's Risk Management Policy.
- An Audit and Risk Committee has been appointed to assist the Board in its consideration of financial policy and reporting, internal accounting and financial control systems, internal audit, external audit, risk management and such other matters as the board may request from time to time. The Committee has a formal charter which sets out the composition, responsibility and processes of the Committee. Presently, the Committee does not conform to all of the Recommendations regarding committees, The Board that does not consider it to be practicable or necessary to do so due to the size and stage of development of the Company and the mix of skills on the Board.

Remuneration Policies

The Company's remuneration policies aim to ensure that remuneration throughout the Company is reasonable and competitive having regard to relevant market benchmarks and is effectively

structured to attract, retain and motivate a high quality Board and management team, based upon rewarding performance which enhances shareholder value.

- The remuneration of the senior executive team may contain the following components:
 - fixed salary and benefits;
 - a short term incentive based on individual performance; and
 - a long-term incentive derived from consideration of the performance of both PVE and the individual.
- The remuneration of Non-Executive Directors is in the form of fixed fees (within an overall fee cap approved from time-to-time by shareholders), unless otherwise authorised by shareholders. Currently no additional fees are paid for membership of board committees. PVE's Annual Report discloses all components of the remuneration of Directors, including advice of any discretionary incentive payments, and the remuneration of executives in accordance with prevailing applicable rules.
- A Remuneration Committee has been appointed to assist the Board in its consideration of remuneration policy and reporting. The Remuneration Committee has a formal charter which sets out the composition, responsibility and processes of the Committee. Presently, the Committee does not conform to with all of the Recommendations regarding committees, because the Board does not consider it to be practicable or necessary to do so due to the size and stage of development of the Company and the mix of skills on the Board.

Market Disclosure

In accordance with its obligations under relevant legislation:

- PVE keeps the market fully informed of information which a reasonable person would expect to have a material effect of the price of PVE's shares and that would, or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose PVE's shares.
- Disclosures are to be:
 - timely;
 - factual;
 - comprehensive; and
 - understandable.
- PVE's Continuous Disclosure Policy sets the standards and procedures for information disclosure.

Shareholder Communications

PVE respects the rights of shareholders and to facilitate the effective exercise of those rights, has in place a programme which aims to ensure that Shareholders are informed of all major developments affecting PVE necessary to assess the performance of PVE.

This programme includes:

- Posting on PVE's website:
 - annual, half yearly and quarterly reports and accounts;
 - notices of general meetings;
 - all media and stock exchange releases;
 - key policies and Committee charters; and
 - general PVE background.
- Facilitating the full participation by Shareholders at PVE's Annual General Meeting.

Risk Management

The Board acknowledges that it is responsible for the overall risk management and internal control framework. Accordingly, the Board has established an Audit and Risk Management Committee and a Risk Management Policy. The Committee oversees PVE's risk management framework, reviews risk management reports and reports regularly to the Board on areas such as finance, trade practices, industrial relations, environmental compliance, workplace health and safety and insurance matters. The effectiveness of the risk management plan is reviewed periodically.

The Board receives each year a written assurance from the CEO and CFO that the statement given in accordance section 295A of the Corporations Act (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control and that the system is operating efficiently and effectively in all material respects in relation to financial reporting risks.