

PHOTON GROUP LIMITED

BOARD CHARTER

1 Introduction

This Charter sets out the role, responsibilities, powers and operation of the Board of Directors of Photon Group Limited (**Company**). This Charter is to be applied in conjunction with the Company's Constitution.

2 Role of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company and its controlled entities (**Group**). The Board is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without limiting this general role of the Board, the principal functions and responsibilities of the Board include the following.

2.1 Leadership of the Company

Overseeing the Group and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.

2.2 Strategy Formulation

Working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.

2.3 Overseeing Planning Activities

Overseeing the development of the Group's strategic plan and approving that plan as well as annual and long term budgets.

2.4 Shareholder Liaison

Ensuring effective communications with shareholders and promoting participation at general meetings of the Company.

2.5 Monitoring, Compliance and Risk Management

Overseeing the Company's management of material business risks, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.

2.6 Company Finances

Approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.

2.7 Human Resources

Appointing, and, where appropriate, removing the Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.

2.8 Ensuring the Health, Safety and Well-Being of Employees

In conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.

These formal responsibilities will be reviewed regularly to determine whether changes are necessary or desirable. The Board reserves the right to expand the scope of its role beyond those matters listed above if the Board considers it necessary in the interests of the Company.

3 Delegation of powers

3.1 Delegation to CEO and management

The Board has appointed a CEO that has the authority and power to manage the day to day business affairs of the Company subject to such specific delegations and limits that the Board makes from time to time.

The CEO is responsible for keeping the Board fully informed as to the Company's performance and prospects, all matters necessary for the Board to discharge its functions and any other matter about which any Director properly requests information.

The CEO has authority to sub-delegate such authority and power to such members of the management team as he shall determine from time to time.

3.2 Third parties

Subject to, and without derogation from, the Company's constitution, the Board may resolve to delegate any of their powers to an agent or attorney and the agent or attorney must exercise the powers delegated in accordance with any directions of the Board.

3.3 Committees of the Board

The Board may delegate any of its responsibilities to a committee consisting of such number of Directors as it thinks fit. A committee to which any powers have been so delegated must exercise the powers delegated in accordance with any directions of the Board.

4 Composition of the Board

4.1 Membership

The constitution of the Company provides that the number of directors must not be less than 3 and not more than 12, unless determined otherwise by a general meeting of the company.

4.2 Chair

The Directors will appoint one of the Directors to be the Chair of the Board. The roles of Chair and CEO may not be exercised by the same individual.

The role and responsibilities of the Chair includes:

- (a) providing leadership to the Board and to the Company;
- (b) ensuring the efficient organisation and conduct of the Board;
- (c) monitoring Board performance annually;
- (d) facilitating Board discussions to ensure core issues facing the Company are addressed;
- (e) briefing all Directors in relation to issues arising at Board Meetings;
- (f) facilitating the effective contribution and ongoing development of all Directors; and
- (g) chairing shareholder meetings.

4.3 Secretary

The Directors will appoint a person be the Company Secretary of the Company.

4.4 Other Attendees

The CFO as well as other members of senior management or other third parties may be invited to be present for all or part of the meetings of the Board, but will not be Directors.

4.5 Appointment of Directors

- (a) When a vacancy exists for a Board position, through whatever cause, or where the Board considers that it would benefit from the services of a new member with particular skills, the Board will consider candidates having regard to:

- (i) what may be appropriate for the Company;
 - (ii) the skills, expertise and experience of the candidates;
 - (iii) the desirability of those skills, expertise and experience when combined with those of the existing Directors; and
 - (iv) the perceived compatibility of the candidates with the Company and with the existing Directors.
- (b) Potential candidates to be appointed as Directors will be considered by the Board. The Board will appoint the most suitable candidates who (assuming that they consent to act as Directors) continue in office only until the next annual general meeting and are then eligible for election.
- (c) The terms and conditions of the appointment of all new members of the Board must be specified in a letter of appointment to be signed by the Chairman with the authority of the Board.

4.6 Re-election of Directors

As required under the Constitution of the Company and the ASX Listing Rules, and excluding any managing director or director newly appointed during the relevant year, at each Annual General Meeting one-third of the Directors must retire from office and stand for re-election.

No Director (other than the Managing Director) may hold office for more than three years without standing for re-election and any Director appointed by the Board since the previous Annual General Meeting must stand for election by no later than the next Annual General Meeting.

4.7 Compensation of Directors

Each Director is entitled to such remuneration out of the funds of the Company as the Board determines, but the remuneration of non-executive Directors may not exceed in aggregate in any year the amount fixed by the Company in general meeting for that purpose.

4.8 Independence

At each Board meeting the Board requires each independent Director to disclose any new information which could, or could reasonable be perceived to, impair his or her independence.

A director is to be regarded as independent if:

- the Director is not a substantial shareholder of the Company, or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years, the Director has not been employed in an executive capacity by the Company or a related body corporate of the Company, or been a Director after ceasing to hold such employment;

- within the last three years, the Director has not been a principal of a material professional adviser or a material consultant to the Company or a related body corporate of the Company, or an employee materially associated with the service provided;
- the Director is not a material supplier or customer to the Company or a related body corporate of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- the Director has no material contractual relationship with the Company or a related body corporate of the Company other than as a Director of the Company; and
- the Director is free from any interest and any business or other relationship which could, or reasonably could be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

4.9 Dealing with conflicts of interest

Where any Director has a material personal interest in a matter, other than as a shareholder, the Director will not be permitted to:

- take part in any discussion concerning the matter; or
- vote on the matter,

at a meeting (or that part of a meeting) of Directors which is considering the matter, unless the other Directors in their sole discretion and after compliance with the requirements of the Corporations Act resolve otherwise.

5 Meetings

5.1 Quorum

A quorum will be two Directors.

5.2 Frequency

Board meetings will be held not less than ten times a year so as to enable the Board to undertake its role effectively. In addition, the Chairman is required to call a meeting of the Board if requested to do so by any Director in accordance with the procedure set out in the Company's Constitution.

5.3 Papers

Board meeting papers shall be distributed by the Company Secretary to the Directors and any invitees prior to each meeting in sufficient time for the Directors to read the papers and properly prepare for the meeting.

6 Authority

The Board is authorized to manage the business of the Company and may exercise all powers of the Company which are not required to the Corporations Act, the

company's constitution or the ASX Listing Rules to be exercised by the Company in general meeting.

In executing its role and responsibilities, the Board has unlimited access to senior management. It also has the authority to:

- seek information it requires from employees and external parties;
- obtain outside legal or other professional advice at the expense of the Company; and
- ensure Company officers attend Board meetings as appropriate.

7 Reporting Procedures

The Board will keep minutes of its meetings. The Company Secretary shall circulate the minutes of the meetings of the Board to all Directors for comment and change before being signed by the Chairman of the Board and circulated to the Directors with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Board meeting along with any recommendations of the Board.

8 Review

The Board will conduct an annual review of its performance and effectiveness by reference to this Charter, its Constitution and existing legal requirements.