



BOARD CHARTER

SYLVA STATE LIMITED

MAY 2008

ROLE

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfill this role the Board seeks to address (a) the prudential control of the Company's operations, (b) the resourcing, review and monitoring of executive management, (c) the timeliness and accuracy of reporting to shareholders and (d) the determination of the Company's broad objectives.

RESPONSIBILITIES

Specifically, the Board is responsible for:

- Ensuring that Sylvastate operates in accordance with the Company's Constitution, Corporations Act and ASX listing rules;
- Validating and approving corporate strategy and policies;
- Monitoring and reviewing business results, management and the Board itself;
- Monitoring and assessing the investment manager's recommendations ensuring they are consistent with corporate strategy;
- Reviewing internal controls for effectiveness and internal and external audit reports;
- Approving financial reports and other public documents for disclosure to shareholders and the market;
- Ensuring adequate risk management processes;
- Monitoring and influencing the culture, reputation and ethical standards of the Company; and.
- Ratifying the appointment of the Company Secretary.

COMPOSITION OF THE BOARD

The composition of the Board is determined using the following principles:

- A minimum of three directors;
- An independent, non-executive director as Chairman;
- A majority of non-executive directors;
- A majority of independent directors; and
- One Director being the Chief Executive Officer.

BOARD COMMITTEES

The Board has established a number of Board Committees including a Nomination Committee, a Remuneration Committee and an Audit Committee. These committees have written mandates and operating procedures which are reviewed on a regular basis. The Board has also established a range of policies which govern its operation.

Formal committees comprise:

- Nomination Committee, consisting of four directors. This committee evaluates and identifies the particular skills, experience and expertise that will best complement the board effectiveness;
- Audit Committee, consisting of three directors, is responsible for considering the effectiveness of the systems and standard of internal control, financial reporting, risk management and any other matters at the request of the board;
- Remuneration Committee, consisting of four directors. This committee considers the remuneration policies and practices generally, and makes specific recommendations to the Board on remuneration packages and other terms of employment for directors.



OPERATION OF THE BOARD

The Board currently holds four scheduled meetings each year plus any other strategic meetings as and when necessitated by the Company's operations. The agenda for meetings is prepared through the input of the Chairman, Chief Executive Officer and Company Secretary. Standing items include matters of Compliance and Reporting, Financials, Shareholder Communications and Investment Strategy and Outcomes. Submissions are circulated in advance.

Each director has the right of access to all relevant company information and to the Company's executives and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the director is made available to all other members of the board.

BOARD POLICIES

The Board has adopted the following policies:

- Code of Conduct and Ethics
- Trading Policy
- Disclosure Policy
- Communication Policy
- Risk Management Policy
- Performance Evaluation Policy

The Board reviews each of these policies at least annually.