



CENTAMIN EGYPT LIMITED

# DIRECTORS' TEST OF INDEPENDENCE POLICY

## 1 BACKGROUND

Corporate Governance standards in the jurisdictions where Centamin Egypt Limited ("Company") is listed require that a majority of Directors are independent of the Group, and that all members of the various committees of the Board are similarly independent.

The Board of Centamin Egypt Limited has developed this Policy in the light of corporate governance requirements and recommendations in the United Kingdom and Canada, including the criteria for independence established by the UK Combined Code and the Canadian corporate governance guidelines of National Policy 58-201.

## 2 INDEPENDENCE

The Nomination and Remuneration Committee will assess whether directors are independent of management and independent in character and judgment and whether there are any business or other relationship that could materially affect or interfere with the exercise of objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interests of the Centamin Egypt Limited Group. Following that process, the Committee will make a recommendation to the Board prior to their final determination of individual directors' independence. The Board retains ultimate discretion in their judgement to determine if a Director is independent.

## 3 INFORMATION COLLECTED BY THE NOMINATION AND REMUNERATION COMMITTEE TO ASSESS INDEPENDENCE

Generally, all facts and circumstances will be considered in determining the independence of a Director under the above test. It is not always possible to cover explicitly all factors which could indicate a conflict of interest or lack of independence, but a Director will normally be considered to be independent if he or she meets the criteria set out below. As stated above, the Board reserves its discretion to consider a Director independent, even where the Director does not meet one or more of the criteria specified below. In those circumstances, the Board will explain how they arrived at their conclusion.

Directors are under an obligation to update the Board with any new information in relation to interests or relationships relevant to independence. The Board assesses the independence of Directors annually and will re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

A Director is independent if he or she:-

- (a) has no direct or indirect material relationship with the Company.
- (b) for the purposes of (a) above, a "material relationship" is a relationship which could, in the view of the Company's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.
- (c) despite subsection (b), the following individuals are considered to have a material relationship with the Company:
  - i. an individual who is, or has been within the last five years, an employee or executive officer of the Company;
  - ii. an individual whose immediate family member is, or has been within the last five years, an executive officer of the Company;
  - iii. an individual who
    - ❖ is a partner of a firm that is the Company's internal or external auditor
    - ❖ is an employee of that firm
    - ❖ was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;

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- iv. an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - ❖ is a partner of a firm that is the Company's internal or external auditor
    - ❖ is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice
    - ❖ was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
  - v. an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at the same time on the entity's compensation committee; and
  - vi. an individual who receive, or whose immediate family member who is employed as an executive officer of the Company received, more than C\$75,000 in direct compensation from the Company during any 12 month period within the last three years.
- (d) despite subsection (c) above, an individual will not be considered to have a material relationship with the Company solely because
- i. he or she had a relationship identified in subsection (c) if that relationship ended before March 30, 2004; or
  - ii. he or she had a relationship identified in subsection (c) by virtue of subsection (h) if that relationship ended before June 30, 2005.
- (e) for the purposes of clauses (c)iii. And (c)iv., a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (f) for the purposes of clause (c)vi., direct compensation does not include:
- i. remuneration for acting as a member of the Board of Directors or of any Board Committee of the Company; and
  - ii. the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on continued service.
- (g) despite subsection (c), an individual will not be considered to have a material relationship with the Company solely because the individual or his or her immediate family member
- i. has previously acted as an interim chief executive officer of the Company, or
  - ii. acts, or has previously acted, as a chair or vice-chair of the Board of Directors or of any Board Committee of the Company on a part-time basis.
- (h) for the purpose of section 3, a reference to the Company includes a subsidiary entity of the Company and a parent of the Company.
- (i) has not served on the board for a period which could, or could reasonably be perceived to, by the remainder of the Board to materially interfere with the Director's ability to act independently and in the best interests of the Company.
- (j) does not have close family ties with any of the Company's advisers, directors or senior management.
- (k) does not hold cross-directorships or have significant links with other Directors through involvement in other companies or bodies (excluding the Company's subsidiaries).
- (l) does not represent a significant shareholder.

Despite any determination made under section 3 above, an individual who:-

- (m) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as part time chair or vice chair of the board or any board committee; or

(n) is an affiliated entity of the Company or any of its subsidiary entities,

is considered to have a material relationship with the Company.

The indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:-

- (o) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
- (p) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal investment banking or financial advisory services to the Company or any subsidiary entity of the Company.

For the purposes of this subsection, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on the continued service.

#### 4 DISCLOSURE

The following information is to be disclosed in the Company's Annual Report:-

- ❖ the identity of independent and non-independent Directors, with any relevant comments relating to independence
- ❖ a small biography including other appointments, experience, any material relationships and associations and date of appointment to the Board for each Director
- ❖ any thresholds adopted by the Board to assist in the assessment and determination of independence

If the Board's assessment of a Director's independence changes, that change will be disclosed immediately through a stock exchange announcement/press release. The Notice of the Annual General Meeting will specify whether Directors standing for election or re-election are independent.