

DGO Gold Limited

ACN 124 562 849

DGO Gold Limited's Board Charter

DGO Gold Limited's - Board Charter Introduction

The purpose of the board charter is to set out the role, composition and responsibilities of the Board of DGO Gold Limited within the corporate governance framework and to ensure:

- a) that the roles and responsibilities of the board are clear and understood by all relevant stakeholders;
- b) the operation of the board and the relationship between the board and the management is clearly understood; and
- c) all directors have a clear understanding of the manner in which the board will conduct itself and the company's expectations of them as directors.

Responsibilities of the Board

Generally, the powers and obligations of the Board are governed by the *Corporations Act* and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- a) Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- b) Developing, implementing and monitoring operational and financial targets for the Company;
- c) Appointment of appropriate staff, consultants and experts to assist in the Company's operations specifically, including the selection and monitoring of a chief executive officer;
- d) Ensuring appropriate financial and risk management controls are implemented;
- e) Approving and monitoring financial and other reporting;
- f) Setting, monitoring and ensuring appropriate accountability for directors' and executive officers' remuneration;
- g) Establishing and maintaining communications and relations between the Company and third parties, including its shareholders and ASX by delegating such a role to the Managing Director;
- h) Implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;
- i) Oversight of the Company including its framework of control and accountability systems to enable risk to be assessed and managed;
- j) Appointing and removing the chief executive officer and/or Managing Director;
- k) Ratifying the appointment and, where appropriate, removal of the Chief Financial Officer and the Company Secretary;
- l) Input into and final approval of the management's development of corporate strategy and performance objectives;

- m) Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- n) Monitoring senior management's performance, implementation of strategy and ensuring appropriate resources are available;
- o) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- p) Approval of the annual budget;
- q) Monitoring the financial performance of the Company;
- r) Liaising with the Company's external auditors;
- s) Monitoring, and ensuring compliance with, all of the Company's legal obligations;
- t) Approving and monitoring financial and other reporting;
- u) Appointing and overseeing Committees where appropriate to assist in the above functions and powers.

Role of Management

The Board has delegated responsibilities and authorities to the Managing Director to enable him to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits or do not form part of the approved budget, require Board approval.

The Board has delegated the authority for the general operations and administration of DGO Gold Limited and its subsidiary to the chief executive officer or managing director. The Board has also delegated the authority to manage the exploration and evaluation activities to the director of exploration.

Powers of the Board

In addition to matters expressly required by law to be approved by the board, powers specifically reserved for the board are as follows:

- a) appointing and removing the chief executive officer or managing director and determining his or her terms and conditions of employment (including remuneration);
- b) reviewing and ratifying the systems of risk management and internal control and compliance, codes of conduct and legal compliance, financial and other reporting and major capital expenditure, capital management, and acquisitions and divestitures;
- c) any matters in excess of discretions that, from time to time, it may have delegated to the chief executive officer or managing director and senior management; and
- d) approving each of the following, on the recommendation of the chief executive officer or managing director where appropriate:
 - (a) the strategic plan, at least annually;
 - (b) the budget presented to the board
 - (c) the appointment and, where appropriate, the removal of the chief financial officer, company secretary, and other senior executives reporting to the chief executive officer or managing director;
 - (d) the acquisition, establishment, disposal or cessation of any significant business of the company;

- (e) the issue of any shares, options, equity instruments or other securities in the company;
- (f) any public statements which reflect significant issues of the company policy or strategy; and
- (g) any changes to the discretions delegated from the board.

Board Membership

The Company's Constitution provides that it shall at all times have at least three (3) and not more than nine (9) directors.

The board comprises of at least two non-executive directors. The board believes that it has an appropriate level of independence to meet the needs of all stakeholders. It is the company's intention to appoint additional independent directors to the board at the time when the company is sufficiently large and complex enough to warrant the needs of their services. The board will review this requirement from time to time.

The directors appoint a non-executive director as chairman of the board. Membership of the board shall be disclosed in the annual report and updated on the company's web site at www.dgogold.com.au.

Independence

An independent director is a non-executive director (i.e. is not a member of management) and:

- a) is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- b) within the last three years has not been employed in an executive capacity by the company or another group member, or been a director of the company within three years after ceasing to hold any such employment;
- c) within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided whereby:
 - a. a "material professional adviser" does not include a professional adviser providing less than 5% of professional advisory services of a same or similar nature to the company and its group members; and
 - b. the guidelines contained in Australian Accounting Standard on "Materiality" are followed in determining whether a supplier or customer is a "material supplier or customer";
- d) is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- e) has no material contractual relationship with the company or another group member other than as a director of the company;
- f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company;
- g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

Meetings

Board and committee papers are provided to directors, where possible, two days prior to the relevant meeting.

Board Committees

The board from time to time establishes committees to assist it in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the board may consider appropriate.

The board has established an audit committee and a remuneration and nomination committee made up of a majority of non-executive directors. The company's auditors shall be welcome to attend the audit committee meetings.

Chairman

The directors are to elect a director to the office of chairman and may determine the period for which that director is to be chairman.

The roles of the non executive Chairman will normally include:

- a) ensuring the board obtain consensus on various matters;
- b) establishing the board agenda;
- c) presiding over board minutes and directing board discussions to effectively and efficiently use the time available to address the critical issues facing the entity;
- d) ensuring that the board minutes properly reflect board decisions;
- e) make certain that the board has necessary information to undertake effective decision making;
- f) develop an ongoing relationship with the chief executive officer or managing director; and
- g) preside over the annual process of board and director evaluation.

The chairman presides over meetings of the board and general meetings of shareholders and the chairman is responsible for leading and managing the board in the discharge of its duties.

The Chief Executive Officer or Managing Director

The chief executive officer's or managing director's duties are to:

- a) devote the time agreed by the board, attention and skill to the duties of the office;
- b) be accountable for planning, coordinating and directing the operations of the company to achieve strategic, financial and operating objectives as agreed with the board;
- c) formulate and recommend business and financial strategies and plans to develop the company's business and to implement these plans to achieve agreed performance targets;
- d) promote the interests of the company; and

- e) faithfully and diligently perform the duties and exercise the power.

In fulfilling his or her duties, the chief executive officer or managing director:

- a) reports directly to the board;
- b) provides prompt and full information to the board regarding the conduct of the business of the company; and
- c) complies with reasonable directions given by the board.

The Company Secretary

The Company Secretary is generally responsible for carrying out the administrative and legislative requirements of the board. In particular the Company Secretary supports the effectiveness of the board by:

- a) maintaining strict independence and impartiality in dealing with all matters pertaining to the role;
- b) in conjunction with the chief executive officer or managing director ensure that the board agenda is developed in a timely and effective manner for review and approval by the Chairman;
- c) co-ordinating, organising and attending meetings of board and shareholders;
- d) drafting and maintaining board minutes
- e) in conjunction with the chief executive director or managing director and other senior management, carry out instructions of the board and give practical effect to the board's decisions;
- f) allowing all directors and officers to have access to advice and services;
- g) meeting the statutory requirement required by relevant legislation and listing rules; and
- h) working with the directors to establish and deliver best governance practice.

The Company Secretary is responsible to the board and in consultation where appropriate with the Chairman on all governance matters. The Company Secretary shall be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Duties of Directors

Directors are expected to accept all duties and responsibilities associated with the running of a public company, to act in the best interests of the Company and to carry out their duties and responsibilities with due care and diligence.

Directors are required to take into consideration conflicts when accepting appointments to other Boards. Accordingly, Directors wishing to accept appointment to other Boards must first seek approval from the Board, approval of which will not be unreasonably withheld.

Board Performance

The board undertakes an annual performance evaluation of itself that:

- a) compares the performance of the board with the requirements of its charter; and
- b) effects any improvements to the board charter deemed necessary or desirable.

The performance evaluation is conducted in such manner as the board deems appropriate.

Appointment

A letter of appointment together with induction material shall be sent out to all new directors appointed to the board. The letter of appointment sets out the key terms and conditions relative to the appointment. The newly appointed Directors are required to be aware of their duties and responsibilities.

Term of Office

Directors newly appointed by the board will hold office until re-appointment at the next annual general meeting of DGO Gold. The new directors are eligible for election as a director at this meeting and, if elected, will be subject to retirement by rotation under DGO Gold's constitution.

At any time during an individual Director's tenure including when he or she becomes subject to re-election under DGO Gold's constitution or the law, his or her performance as Director may be reviewed in accordance with processes agreed by the boards from time to time. The Director will be allowed to participate in any review of your performance. A recommendation as to the Director's re-appointment may be made in notices of meeting or other material provided to shareholders.

A Director may cease to hold office as director at any time that he or she resigns by written notice. It is desirable that the Board is given reasonable forewarning of the resignation so that the company can plan for succession of skills and experience on the boards.

Reporting

Proceedings of all meetings are minuted and signed by the Chairman or the Chairman of the Meeting. Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

Independent Professional Advice

It is acknowledged that Directors require high quality information and advice on which to base their decisions. The Board has determined that individual Directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the company's operations or undertakings to fulfill their duties and responsibilities as Directors. The engagement of an outside adviser is subject to the prior approval of the Board, which will not be unreasonably withheld.

Compensation Arrangements

The maximum aggregate amount payable to non-executive Directors as Directors' fees has been set by the Company. The Constitution provides that Director's fees can only change pursuant to a resolution at a general meeting.

The Remuneration and Nomination Committee is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

Internal Management Controls

The chief executive officer or managing director under the supervision of the Board exercises control over all aspects of the company's activities including the internal management controls.

The chief executive officer or managing director is responsible for all the technical activities of the company including all exploration and mining programs and projects, acquisitions of new projects disposal of projects and the administrative activities of the company.

The Board also monitors the performance of outside consultants engaged from time to time to complete specific projects and tasks.

Identifying Material Business Risks

The Board regularly monitors the operational and financial performance of the Company's activities. It monitors and receives advice on areas of operation and financial risk and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving shareholder value. However, the Directors recognise that mining exploration is inherently risky.

The Company had adopted a risk management framework and policy for the management and oversight of material risks and internal control. Outlined below are the accountabilities and responsibility for managing risk in the Company:

Managing Director/Board of Directors

- overall responsibility for Company's risk management process;
- overall responsibility for all material business risks;
- determine the Company's risk tolerance levels;
- review and consider Risk Management Framework and Risk Register;
- review recommendations from the Company's audit committee and determine future actions; and
- publicly report and make necessary disclosures relating to risk as and when required.

Managing Director/Senior Management

- update the Risk Register;
- develop the company's strategic risk profile by identifying and prioritising material business risks;
- review the Company's risk profile periodically;
- review and assess the current and planned approach to managing material business risks;
- review and monitor the status and treatment of risk treatment strategies;
- periodically report on material business risks to the board and audit committee; and
- ensure that the risk management framework implemented across the Company.

Managing Director/Company Secretary

- coordinate the implementation of the Risk Management Framework, Risk Management Register and treatment strategies;
- facilitate, challenge and drive risk management development within the Company;
- report to the, other management and to the Board or audit committee at regular intervals on the risk process.

Managers and Supervisors

- monitor the material business risks for their areas of responsibility;
- update the Company on changing risk profiles;
- provide suitable information on implementation and support ongoing reporting to the Board; and
- ensure staff are adopting the company's risk management framework

Review of Charter

The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities. A copy of the charter is available on the company's web site at www.dgogold.com.au.