

# DGO Gold Limited

## Board Charter

May 2021

## **Introduction**

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

- a) that the roles and responsibilities of the Board and management are clear and understood by all relevant stakeholders;
- b) the operation of the Board and the relationship between the Board and 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 Company's Constitution. Without limiting those matters, the Board expressly considers itself responsible for the following:

- defining the Company's purpose and setting its strategic objectives;
- demonstrating leadership;
- approving the Company's statement of values and Code of Conduct;
- overseeing Management in its implementation of the Company's strategic objectives, instilling the Company's values and performance generally;
- approving operating budgets and major capital expenditure;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- overseeing the Company's process for making timely and balanced disclosure of all material information in accordance with its continuous disclosure obligations;
- satisfying itself that an appropriate framework exists for relevant information to be reported by Management to the Board;
- challenging Management and holding it to account, as and when appropriate;
- monitoring the effectiveness of the Company's governance practices, including ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all other relevant laws;
- developing, implementing and monitoring operational and financial budgets for the Company;
- appointing/replacing and monitoring of a Managing Director or Chief Executive Officer;
- ensuring appropriate financial and risk management controls are implemented;

- approving and monitoring of financial and material market disclosures;
- setting, monitoring and ensuring appropriate accountability for Directors' and executive officers' remuneration;
- establishing and maintaining communications and relations between the Company and third parties, including its shareholders and ASX by delegating such a role to the Executive Chairman, Managing Director or other delegate;
- ensuring appropriate strategies are in place to monitor performance of the Board in implementing its functions and powers;
- satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- satisfying itself that the Company has in place an appropriate Risk Management Framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects Management to operate;
- input into and final approval of the Management's development of corporate strategy and performance objectives;
- monitoring Management's performance, implementation of strategy and ensuring appropriate resources are available;
- monitoring the financial performance of the Company;
- liaising with the Company's external auditors; and
- appointing and overseeing Committees where appropriate to assist in the above functions and powers.

### **Matters delegated to the Management**

The Board has delegated responsibilities and authorities to the Managing Director to enable him to conduct the Company's day to day activities. In the case where no Managing Director or Chief Executive Officer is appointed, the Executive Chairman shall take on the roles and responsibilities of the Managing Director as outlined in this Board Charter.

The policy refers to the roles and responsibilities of the Managing Director, however these would apply to a CEO if appointed instead of or in conjunction with, a Managing Director. Matters which are not covered by these delegations, such as approvals, which exceed certain limits as, set out in the Delegation of Authority Policy, 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 Managing Director or Executive Chairman as outlined above. This includes, not limited to providing the Board with accurate, timely and clear information (financial and non-financial) on the Company's operations to enable the Board to perform its responsibilities.

## **Matters Reserved for 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:

- appointing the Chairman of the Board;
- appointing and removing the Managing Director and determining his or her terms and conditions of employment (including remuneration);
- approving appointment and replacement of other senior executives including the appointment of the Chief Financial Officer and Company Secretary (including remuneration);
- 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;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- approval of the annual budget;
- appointing and overseeing Committees where appropriate;
- any matters in excess of discretions that, from time to time, it may have delegated to the Managing Director and Management and approving each of the following, on the recommendation of the Managing Director where appropriate:
  - the Strategic Plan, at least annually;
  - the Budget presented to the Board;
  - the appointment, remuneration and, where appropriate, the removal of the Chief Financial Officer, Company Secretary, and other senior executives reporting to the Managing Director;
  - the acquisition, establishment, disposal or cessation of any significant business of the company;
  - the issue of any shares, options, equity instruments or other securities in the company;
  - any public statements which reflect significant issues of the Company policy or strategy; and
  - any changes to the discretions delegated from the Board.

## **Board Composition**

In accordance with the Company's Constitution provides, the Board may comprise up to ten (10) individual Directors with a minimum of three (03).

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 skills and services. The Board regularly reviews the independence of each Non-Executive Director in light of information relevant to this assessment as disclosed by each Non-Executive Director to 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](http://www.dgogold.com.au).

## **Independence**

Without limiting the Board's discretion, the Board has adopted a definition of independence that is based on the ASX Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition).

Directors will be considered to be 'independent' if they:

- are not employed in an executive capacity by the Company or another group member, or, if they have been previously employed in an executive capacity by the Company or another group member, there has been a period of at least three years between ceasing such employment and serving on the Board;
- have not within the last three years been a partner, Director or senior employee of a provider of material professional services to the Company or another group member;
- have not within the last three years been in a material business relationship (e.g., as a supplier or customer) with the Company or other group member or an Officer of or otherwise associated directly or indirectly someone with such a relationship;
- have not received performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of the Company;
- are not a substantial shareholder of the Company, or officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- do not represent, or has been within the last three years an Officer or employee of, or professional adviser to, a substantial shareholder of the Company;
- have no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- do not have close family ties with any person who falls within any of the categories described above;
- have not been a Director of the entity for such a period that his or her independence from Management and substantial holders may have been compromised; and

- are free from any other interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

## **Materiality**

The Board will consider the materiality of the Directors' interests, position, association or relationship for the purposes of determining 'independence' on a case-by-case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (e.g., revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

## **Conflicts of Interest**

Directors must:

- Disclose to the Board (through the Company Secretary and/or Chairman) any actual or potential conflicts of interest which exist or be thought to exist as soon as they become aware of the issue;
- Take any necessary and reasonable measures to try to resolve the conflict;
- Comply with the Corporations Act provisions on disclosing interests and restrictions on voting.

If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other Directors who do not have a material personal interest in the matter have passed a resolution that states that those Directors are satisfied that

the interest should not disqualify the Director from voting or being present. The provision of section 195(1) of the Corporations Act mandates these provisions.

Directors are expected to advise the Chairman of any proposed Board or executive appointment to other companies as soon as practicable.

## **Meetings**

The Board will meet regularly and Board and Committee papers are provided to directors, where possible, at least five 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 – Role and Responsibilities**

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 and responsibilities of the Chairman will normally include:

- Leading the Board whilst facilitating effective contribution of all Directors and promoting constructive relationships between the Board and management;
- ensuring the Board obtain consensus on various matters;
- establishing the Board agenda;
- presiding over Board meetings and directing Board discussions to effectively and efficiently use the time available to address the critical issues facing the Company;
- ensuring that the Board minutes properly reflect Board decisions;
- make certain that the Board has necessary information to undertake effective decision making;
- develop an ongoing relationship with the Managing Director or Chief Executive Officer; and
- preside over the annual process of Board and Directors' 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 Managing Director – Role and Responsibilities**

The Managing Director's duties are to:

- devote the time agreed by the Board, attention and skill to the duties of the office;
- be accountable for planning, coordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;
- 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;
- promote the interests of the company; and
- faithfully and diligently perform the duties and exercise the power.

In fulfilling his or her duties, the Managing Director or Chief Executive Officer-

- reports directly to the Board;
- provides prompt and full information to the board regarding the conduct of the business of the Company; and
- complies with reasonable directions given by the Board.

### **The Company Secretary**

The Company Secretary is generally responsible for the coordination of all Board and Committee business, including arranging meetings, agendas, meeting papers, minutes, communication with regulatory bodies including ASIC and the ASX and all ensuring all relevant statutory filings are made. The Company Secretary works with the Board to establish and deliver best governance practice.

The Company Secretary is required to accept all duties and responsibilities relating to this position of Company Secretary and meet the statutory and fiduciary obligations as an Officer of the Company and shall be accountable directly to the Board, through the Chairman, 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:

- compares the performance of the Board with the requirements of its Charter; and
- 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 the Company's Constitution.

At any time during an individual Director's tenure including when he or she becomes subject to re-election under the Constitution or the law, his or her performance as a Director may be reviewed in accordance with processes agreed by the Board from time to time. The Director will be allowed to participate in any review of their 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 a 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 Board.

## **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 be changed 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 Managing Director or Executive Chairman under the supervision of the Board exercises control over all aspects of the Company's activities including the internal management controls.

The Managing Director or Executive Chairman 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 has 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 or Executive Chairman /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 the 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 or Executive Chairman /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 or Executive Chairman /Company Secretary

- coordinate the implementation of the Risk Management Framework, Risk register and treatment strategies;
- facilitate, challenge and drive risk management development within the Company;
- report to 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 website at [www.dgogold.com.au](http://www.dgogold.com.au).