

TARUGA GOLD LIMITED
ACN 153 868 789

DIVERSITY, NOMINATION AND REMUNERATION COMMITTEE CHARTER

1 INTRODUCTION

This is the Diversity, Nomination and Remuneration charter for Taruga Gold Limited (the “**Company**”). This charter governs the procedures of the Board in its capacity as the Diversity, Nomination and Remuneration Committee (“**Committee**”) and sets out the role, responsibilities and operation of the Committee.

There is no separate Diversity, Nomination and Remuneration Committee. The Diversity, Nomination and Remuneration Committee shall comprise the full Board which will, when considering matters of diversity, nomination and remuneration, function in accordance with this charter.

2 ROLE OF THE DIVERSITY, NOMINATION AND REMUNERATION COMMITTEE

2.1 Nomination

The role of the Committee is to review:

- (a) director selection and appointment practices;
- (b) Board composition;
- (c) director performance evaluation processes and criteria;
- (d) director termination arrangements; and
- (e) succession planning for the Board and senior executives,

to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole.

2.2 Remuneration

The Committee also reviews and determines remuneration policies and practices for the Board, the Managing Director, senior executives and other employees. The policies and practices are designed to:

- (a) enable the Company to attract, retain and motivate directors, executives and employees who will achieve operational excellence and create value for shareholders;
- (b) be fair and appropriate having regard to the performance of the Company and the relevant director, executive or employee; and
- (c) comply with relevant legal requirements.

2.3 Diversity

The Committee is responsible for:

- (a) developing and reviewing a policy for achieving diversity on the Board including establishing measurable objectives for the Board to assess progress in achieving diversity;

- (b) the Company's performance in recruiting from, employing and retaining, a diverse pool of candidates for all positions, including the Board and senior management, including reviewing and assessing the Company's recruitment and employment procedures with respect to diversity;
- (c) reviewing the Company's succession plan to ensure that such plan facilitates the development of the Company's diversity; and
- (d) formulating and developing strategies and procedures to encourage the Company's diversity including appropriate education, training and mentoring programs.

3 NOMINATION RESPONSIBILITIES

3.1 Board size and composition

(a) Composition

The Committee is responsible for periodically reviewing, and making determinations regarding, the composition of the Board. In assessing the composition of the Board, the Committee will have regard to the following policies:

- (i) the Chairman should be a non-executive, independent director;
- (ii) the Managing Director should be a full time employee of the Company;
- (iii) more than half of the Board should comprise Directors who are both non-executive and independent;
- (iv) the Board should comply with the Company's diversity policy and represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- (v) the Board should ideally comprise at least three non-executive Directors and the Managing Director. This number may be increased where it is felt that additional expertise is required in specific areas, where an outstanding candidate is identified or to ensure a smooth transition between outgoing and incoming non-executive Directors.

(b) Size

The Committee is responsible for periodically reviewing, and making determinations regarding, the size of the Board. Subject to the Company's constitution, which provides that there can be no less than three directors unless otherwise determined by the Company in general meeting, the number of directors must at all times be appropriate to enable the Company to achieve efficient decision-making and adequately discharge its responsibilities and duties. The Board must be large enough to incorporate a variety of perspectives and skills, and to represent the best interests of the Company as a whole.

(c) Competency requirements

The Committee will periodically assess the necessary and desirable competencies of directors, having regard to the strategic direction of the Company, and make determinations based on the outcome of that assessment.

The Committee will, as and when it considers appropriate, but in any event whenever an existing non-executive director retires, assess the competencies

represented on the Board by the non-executive directors and determine whether those competencies meet the required standard as identified.

(d) Skill enhancement

The Committee will develop, implement and review continuing education measures to enhance director competencies and to update and enhance directors' knowledge and skills including on key developments affecting the Company and the industry and environment in which it operates.

(e) Diversity on the Board

In considering overall Board balance, the Committee will give due consideration to the Company's diversity policy, recognising the value of a diversity of backgrounds and experiences among the Board members.

3.2 Independence of directors

The Committee considers that independent directors are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Non-executive directors are those members of the Board who are not employed by the Company.

When considering the independent status of a director, the Committee has regard to whether the director:

- (a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) is employed, or has previously been employed in an executive capacity by the Company or another group member in the three years prior to serving on the Board;
- (c) has within the three years prior to serving on the Board 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;
- (d) is a material supplier or customer of the Company or another group member, or an office or otherwise associated directly or indirectly with a material supplier or customer; or
- (e) has a material contractual relationship with the Company or another group member other than as a director.

3.3 Board nominations

(a) Candidate identification and determine

Having regard to the competencies required and the competencies represented on the Board, the Committee will develop a process for the identification of suitable candidates for appointment to the Board.

In determining the process for the identification of suitable candidates, the Committee will ordinarily ensure that a search is undertaken by an appropriately qualified independent third party acting on a brief prepared by the Committee which identifies the skills, experience, expertise and diversity sought.

The Committee will make decisions for the appointment of new Board candidates, having regard to their skills, experience and expertise. The Committee will identify any gaps in skills and experience on the Board and will ensure a diverse range of candidates are considered. The Committee will ensure that all potential Board members have the ability to commit the appropriate amount of time to the Company.

(b) Re-election of retiring directors

Prior to each annual general meeting of the Company, the Committee will ascertain the directors who are retiring in accordance with the provisions of the Company's constitution and will make decisions as to whether the Board should recommend the re-election of that retiring director to shareholders.

In order to make these decisions, the Committee will review the retiring director's performance during the period in which the director has been a member of the Board. The Committee will conduct that review by whatever means it considers appropriate.

3.4 Appointment and selection of directors

The Committee is responsible for developing and reviewing the process for the appointment and selection of directors by the Board.

3.5 Induction procedure

The Committee will develop and review induction procedures for new appointees to the Board to enable them to become aware of and understand the Company's policies and procedures and to effectively discharge their duties.

3.6 Performance evaluation process

(a) Board, Board committees and directors

The Committee will oversee the development and implementation of a process for the evaluation of the performance of the Board, Board committees, and directors individually, using both measurable and qualitative indicators.

The objective of this process is to add value to the contribution made by each director and the Board, rather than to merely implement a checklist approach.

The Committee will review the time required from non-executive directors and whether non-executive directors are meeting these requirements.

(b) Chairman

The Committee is responsible for reviewing the performance of the Chairman and reporting the results of the evaluation to the Board.

(c) Senior executives

The Committee will oversee the development and implementation of a process for the evaluation of the performance of senior executives, using both measurable and qualitative indicators.

3.7 Succession planning

The Committee will develop and review Board and senior executive succession plans and processes, including for the Managing Director, and being conscious of each director's tenure, to maintain an appropriate balance of skills, experience, expertise and diversity on the Board.

3.8 Annual Report

The Company shall disclose in its annual report the following material:

- (a) the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;
- (b) the names of the directors considered by the board to constitute independent directors and the Company's materiality thresholds;
- (c) the existence of any relationships affecting independence as outlined in section 3.2 and an explanation of why the Board considers a director to be independent, notwithstanding the existence of such relationships;
- (d) a statement as to whether there is a procedure agreed by the Board for directors to take independent professional advice at the expense of the Company;
- (e) a statement as to the mix of skills and diversity for which the Board is looking to achieve in membership of the Board;
- (f) the period of office held by each director in office at the date of the annual report; and
- (g) whether a performance evaluation for the Board, its committees and directors has taken place in the reporting period and whether it was in accordance with section 3.6.

4 REMUNERATION RESPONSIBILITIES

4.1 Executive remuneration

The Committee is responsible for developing, reviewing and making determinations on:

- (a) the Company's policy on remuneration for the Managing Director, executive directors and senior executives, any changes to the policy and the implementation of the policy (including any shareholder approvals required);
- (b) the total remuneration packages for the Managing Director, executive directors and senior executives (including base pay, incentive payments, equity based awards, superannuation and other retirement benefits, employment contracts), any changes to remuneration packages and recommending proposed awards after performance evaluation procedures;
- (c) the Company's recruitment, retention and termination policies for the Managing Director, executive directors and senior executives and any changes to those policies;
- (d) incentive schemes, if appropriate, for the Managing Director, executive directors and senior executives; and
- (e) equity based plans, if appropriate, for the Managing Director, executive directors, senior executives and other employees.

4.2 Non-executive directors

The Committee is responsible for developing, reviewing and making decisions on the remuneration framework for the Chairman and the non-executive directors, including:

- (a) reviewing and establishing an appropriate level of remuneration for non-executive directors designed to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type;

- (b) ensuring that fees paid to non-executive directors are within the aggregate yearly amount approved by shareholders;
- (c) where necessary, making determinations with respect to the need for approval of an increase to the aggregate yearly amount of non-executive director remuneration at the Company's annual general meeting;
- (d) ensuring that non-executive directors are remunerated by way of fees (in the form of cash, non-cash benefits, superannuation benefits or salary sacrifice into equity);
- (e) ensuring that non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements, and disclosing the existence and terms of any such benefits conferred in the Company's annual report; and
- (f) ensuring that non-executive directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

4.3 Incentive schemes and equity based remuneration

For any incentive schemes or equity based plans which are adopted, the Committee is responsible for:

- (a) reviewing their terms at least annually (including any performance hurdles);
- (b) ensuring they comply with legislation and regulatory requirements and reflect industry standards;
- (c) overseeing their administration (including compliance with rules that restrict participants from hedging the economic risk of their security holdings);
- (d) considering whether shareholder approval is required or desirable for the schemes or plans and for any changes to them; and
- (e) ensuring that payments and awards of equity are made in accordance with their terms and any shareholder approval.

4.4 Gender

The Committee is responsible for developing, reviewing and making decisions on remuneration by gender.

4.5 Structure of remuneration

In fulfilling its responsibilities, the Committee will ensure that:

- (a) a clear distinction is maintained between the structure of non-executive directors' remuneration and that of the Managing Director, executive directors and senior executives; and
- (b) a proportion of the remuneration of the Managing Director, executive directors and senior executives is structured in a manner designed to link rewards to corporate and individual performance (reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals).

5 DIVERSITY RESPONSIBILITIES

5.1 Diversity

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

5.2 Importance of diversity

The Board recognises that diversity is important to the Company and its ongoing operation and development and is committed to establishing policies and procedures that promote and advance diversity within the Company. In particular, the Board acknowledges that by facilitating diversity within the Company, the Company has the opportunity to leverage off the different skills, backgrounds, culture, gender, age, ethnicity, cultural background and experience of its personnel and to benefit from the different perspectives of its personnel. This is important to ensuring that a strong employee retention rate is developed and maintained together with robust decision-making processes.

5.3 Objectives of the diversity policy

The objectives of the Company's diversity policy are:

- (a) to attract, employ and retain a diverse pool of candidates for all positions, including the Board and senior management and to develop measurable objectives to monitor the Company's progress in this area;
- (b) to ensure that the Company's recruitment and employment procedures encourage, promote and develop diversity and comply with relevant legislative and regulatory requirements for the benefit of the Company and its employees;
- (c) to ensure that the Company's remuneration is appropriate and is not inequitable to any proportion of personnel who are employed by the Company (i.e. on the basis of gender, age, cultural background, ethnicity, disabilities, etc.);
- (d) to ensure that the Company's succession plan encourages, promotes and develops diversity within the Company and that there are appropriate personnel with the relevant skills, experience and capability to be able to manage the Company's business strategies and objectives, ongoing operations, future growth and development; and
- (e) to formulate and development appropriate strategies and procedures to manage the Company's diversity including to prepare measurable objectives and develop and implement appropriate education, training and mentoring programs.

5.4 Review of progress

- (a) The Company's Managing Director is responsible for the day to day management and operations of the Company, including the day to day administration and operation of the Company's diversity policy.
- (b) The Managing Director will monitor and report to the Committee on the progress of the development and implementation of the Company's diversity policy and associated programs as required.
- (c) The Committee will regularly review the Company's diversity policy on an annual basis and will make appropriate determinations in respect of the following:
 - (i) developing measurable objectives to assess the Company's performance in recruiting from, employing and retaining, a diverse pool of candidates for all positions, including the Board and senior management and particularly including the proportion of women who are employed by the Company and the proportion of women who are employed by the Company both at Board and senior management level;
 - (ii) following the development of measurable objectives, assessing the Company's performance against such objectives in recruiting from,

employing and retaining, a diverse pool of candidates for all positions, including the Board and senior management and particularly including the proportion of women who are employed by the Company;

- (iii) the Company's recruitment and employment procedures with respect to diversity at all levels (including the Board and senior management) including compliance with relevant legislative and regulatory requirements, including identifying factors that should be incorporated in the Company's recruitment procedures and whether professional intermediaries should be used to identify and/or assess potential candidates;
 - (iv) the Company's remuneration arrangements to ensure that the Company's remuneration is appropriate and is not inequitable to any proportion of personnel who are employed by the Company (i.e. on the basis of gender, age, cultural background, ethnicity, disabilities etc.);
 - (v) the Company's succession plan, to ensure that such plan encourages, promotes and develops diversity and that there are appropriate personnel with the relevant skills, experience and capability to be able to manage the Company's business strategies and objectives, operation, future growth and development; and
 - (vi) the formulation and development of strategies and procedures to encourage the Company's diversity including the preparation of measurable objectives and the development and implementation of appropriate education, training and mentoring programs.
- (d) However, the Company's Board is ultimately responsible for the development and operation of the Company's diversity policy.

5.5 Annual report

Following the Board's review of the Company's diversity objectives, the Company shall disclose in the corporate governance section of each annual report its objectives for achieving diversity for that financial year and the Company's progress in achieving them (including a statement regarding the mix of skills and diversity which the Board is looking to achieve in the Board).

In particular, the Company shall disclose the proportion of men and women in the workforce at all levels of the economic group controlled by the Company including:

- (a) on the Board;
- (b) in senior executive positions; and
- (c) in the Company.

In addition, the Company shall disclose the frequency of Committee meetings, the names of members of the Committee and their attendance at meetings of the Committee.

6 COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Committee will review all reporting by the Company of its diversity, nomination and remuneration policies and practices, including the Company's annual remuneration report, to ensure that the Company meets its disclosure obligations as required under the applicable rules of any exchange on which the securities of the Company are quoted and the *Corporations Act 2001* (Cth).

7 DELEGATION

The Committee may delegate any of its powers and responsibilities as the Committee thinks appropriate for the administration of director, senior executive and employee shares, option or other plans, to senior management.

8 MEMBERSHIP

8.1 Composition and size

The Committee will comprise the full Board. However, if the Company is included in the S&P/ASX 300 Index on the first day of its financial year in any year, the Committee will be comprised solely of non-executive directors for the duration of the financial year.

8.2 Chairperson

The chairperson of the Committee must be an independent non-executive director. The chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairperson for the meeting.

8.3 Secretary

The company secretary is the secretary of the Committee.

9 MEETINGS AND PROCESS

9.1 Meetings

The meetings and proceedings of the Committee are governed by the provisions of the Company's constitution regulating meetings and proceedings of the Board, in so far as these provisions are applicable and not inconsistent with this Charter.

9.2 Frequency and calling of meetings

The Committee will meet as frequently as required to perform its functions, but not less than two times a year. The chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor or the Chairman of the Board.

9.3 Quorum

Two directors constitute a quorum for meetings of the Committee.

9.4 Conflicts

No member of the Committee will participate in:

- (a) the review of his or her own performance; or
- (b) the determination of his or her own remuneration.

9.5 Agenda and documents

The chairperson of the Committee determines the meeting agenda after appropriate consultation. Any Committee member may request any item to be included on the agenda.

The secretary distributes the agenda and any related documents to all Committee members and other attendees before each proposed meeting.

9.6 Attendance by management and advisers

The Committee chairperson may invite the Managing Director other senior executives, directors who are not members of the Committee and external advisers to attend meetings of the Committee.

9.7 Access to information and advisers

The Committee will have the appropriate resources to discharge its duties and responsibilities, including engaging counsel, accountants or other experts as it considers appropriate. This may include requesting management or engaging external remuneration consultants to provide information to the Committee.

9.8 Reporting

The secretary will keep minute books to record the proceedings and resolutions of Committee meetings.

The chairperson of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

10 COMMITTEE'S PERFORMANCE EVALUATION

The Committee will review its performance from time to time and whenever there are major changes to the management structure of the Company.

The performance evaluation will have regard to the extent to which it has met its responsibilities in terms of this Charter.

11 REVIEW AND PUBLICATION OF THIS CHARTER

The Committee will review this Charter to determine its appropriateness to the needs of the Company from time to time, and make any changes it considers should be made supported by a resolution of the Board.

The Charter is to be made available on the Company's website and the key features published in the annual report.

Approved by the Board on 9 December 2011.