

**TARUGA GOLD LIMITED**  
**ACN 153 868 789**

**BOARD CHARTER**

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**1 ROLE OF THE BOARD**

This Board charter (**Charter**) sets out the principles for the operation of the board of directors (**Board**) of Taruga Gold Limited (**Company**) and to describe the functions of the Board and those functions delegated to management of the Company.

The Board must at all times act honestly, fairly and diligently in all respects in accordance with the law and all relevant Company policies.

Each of the directors, when representing the Company, must act in the best interests of the shareholders of the Company and in the best interests of the Company as a whole.

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**2 RESPONSIBILITIES OF THE BOARD**

**2.1 Executive management**

The Board is responsible for:

- (a) appointing, monitoring, managing the performance of and, if necessary, terminating the employment of, the managing director of the Company (**MD**);
- (b) overseeing and ratifying the appointment of and, if necessary, terminating the employment of, the chief financial officer of the Company (**CFO**); and
- (c) ratifying the terms of appointment of senior management, including in relation to the terms of equity remuneration.

**2.2 Risk management and strategic planning**

The Board is responsible for:

- (a) reviewing, ratifying and monitoring the Company's compliance with its corporate policies and protocols consistent with the ASX Corporate Governance Council best practice corporate governance principles;
- (b) reviewing, ratifying and monitoring the Company's operations in relation to, and compliance with relevant regulatory requirements;
- (c) actively and regularly participating in and overseeing strategic planning based on the identification of opportunities and the full range of business risks. The Board recognises that strategic planning is an ongoing process that must be responsive to changes in the external environment and internal developments;
- (d) approving and monitoring the progress of major capital expenditure, capital management and all major corporate transactions, including the issue of any securities in the Company;

- (e) considering the extent and types of risk that are acceptable for the Company to bear; and
- (f) monitoring management systems and processes for managing the business risks the Company is exposed to or may become exposed to.

### **2.3 Disclosure**

The Board is responsible for approving, monitoring and overseeing:

- (a) disclosure of the Company's corporate governance policies in the Company's annual report including compliance with and any departures from the ASX Corporate Governance Council best practice corporate governance principles;
- (b) disclosure of all matters required to be disclosed in accordance with the ASX Listing Rules and the ASX Corporate Governance Council best practice corporate governance principles consistent with the Company's disclosure policy and will provide a commentary of any Board decision not to make such disclosure or to clarify what disclosure has been made; and
- (c) financial reporting.

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## **3 STRUCTURE OF THE BOARD**

It is the Company's intention that the Board will eventually comprise a majority of non-executive directors who are considered by the Board to be independent in accordance with the criteria set out in the ASX Corporate Governance Council best practice corporate governance principles. The Board will also be of such size and competence necessary to deal with the current and emerging issues of the business of the Company.

Currently, a majority of the Board are not independent as a majority of the Board have executive roles. The Board believes that this Board composition is acceptable and appropriate given the small size of the Board and the early stage of the Company's development. Board structure and composition will be reviewed as and when the Company's scale, strategic directions and activities change.

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## **4 DIVISION OF AUTHORITY BETWEEN THE CHAIRMAN AND MD**

### **4.1 Objective**

The Company recognises that it is important that the chairman and the MD have distinct defined roles in the organisation and function in accordance with clear functional lines. The division of responsibilities between the chairman and the MD is determined by the Board from time to time and will be set out in statement of authority.

It is Company policy that the MD will not become the chairman of the Company unless there has been a period of at least three years between ceasing employment as MD and serving on the Board as chairman.

## **4.2 Role and responsibilities of the chairman**

The chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The chairman's responsibilities include to:

- (a) chair Board meetings;
- (b) establish the agenda for Board meetings, in consultation with the MD and company secretary;
- (c) chair meetings of members, including the annual general meeting of the Company;
- (d) be the primary spokesperson for the Company at the annual general meeting;
- (e) in consultation with the MD, approve and/or delegate authority for the approval of all material ASX releases and other investor and shareholder releases;
- (f) be the primary channel of communication and point of contact between the Board and the MD;
- (g) chair the MD evaluation process; and
- (h) ensure the annual process of Board evaluation is conducted.

## **4.3 Role and responsibilities of the MD**

The Board appoints the MD to manage the business on behalf of the Board and shareholders and must delegate sufficient powers to allow him or her to manage effectively. The MD must carry out the objectives of the Board in accordance with its instructions and within the scope of his or her delegated authority. Specific duties of the MD include to:

- (a) develop, implement and monitor the strategic and financial plans for the Company, in consultation with the Board;
- (b) develop and implement the annual budgets and business plans;
- (c) develop and implement all major capital expenditure, capital management and all major corporate transactions, including the issue of any securities of the Company;
- (d) develop all financial reports, and all other material reporting and external communications by the Company, including material announcements and disclosures, in accordance with the Company's shareholder communications policy;
- (e) monitor and manage the appointment and performance of the CFO and company secretary and any other specific senior management positions;
- (f) develop and implement the Company's risk management framework in consultation with the Board;
- (g) be the primary channel of communication and point of contact between the executive staff and the Board;
- (h) keep the chairman fully informed of all material matters which may be relevant to the Board;

- (i) facilitate a safe workplace for all personnel; and
  - (j) ensure the Company has regard to the interests of employees and customers of the company and the community and environment in which the company operates.
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## **5 CFO**

The CFO and senior finance officers influencing financial performance of the Company will:

- (a) exercise diligence, skill and good faith in the preparation of financial information and ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of the Company and complies with all relevant legislative requirements;
  - (b) ensure the maintenance of a sound system of internal controls to safeguard the Company's assets and to manage risk exposure through appropriate forms of risk control;
  - (c) maintain transparency in the preparation and delivery of financial information to both internal and external users;
  - (d) conduct their duties at the highest level of honesty and integrity;
  - (e) observe the rule and spirit of the law and comply with any relevant ethical and technical standards;
  - (f) maintain the confidentiality of all information acquired in the course of conducting the role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law or by the ASX Listing Rules;
  - (g) observe the principles of independence, accuracy and integrity in dealings with the Board, internal and external auditors and other senior managers within the Company;
  - (h) disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature of, which the CFO becomes aware and which the CFO reasonably believes may compromise the reputation or performance of the Company; and
  - (i) observe, develop and implement the principles of this Charter in a conscientious, consistent and rigorous manner.
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## **6 INDEPENDENCE OF DIRECTORS**

### **6.1 Independence standard**

At the time of a director's appointment, the Board will consider independence having regard to the criteria set out in the ASX Corporate Governance Council best practice principles of corporate governance.

### **6.2 Disclosure of independence**

Each independent director of the Company must regularly provide to the Board all information regarding his or her interests that is relevant to his or her independence having regard to the

standard set out in **section 6.1**. Where the independent status of a director is lost, this must be immediately disclosed to the market.

### **6.3 Annual report disclosure**

The Board must ensure that each annual report of the Company, in the corporate governance section, discloses:

- (a) the names of directors who are considered by the Board to be independent;
- (b) the Board's reasons for considering a director to be independent;
- (c) the Board's reasons for considering a director to be independent despite the existence of the relationships set out in the ASX Corporate Governance Council best practice principles of corporate governance;
- (d) any materiality thresholds that apply to the relationships set out in the ASX Corporate Governance Council best practice principles of corporate governance; and
- (e) the period of office of each director.

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## **7 CONFLICTS OF INTEREST**

As a general principle, each director must bring an enquiring, open and independent mind to Board meetings free of any actual or possible conflict of interest.

If a director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the chairman.

If the Board determines that a director might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any other company, on the one hand, and the interests of the Company or his or her duties to the Company, on the other hand, the Board will require that the director:

- (a) fully and frankly informs the Board about the circumstances giving rise to the conflict; and
- (b) abstains from voting on any motion relating to the matter and excusing himself or herself from all Board deliberations relating to the matter including receipt of Board papers bearing on the matter.

If the Board resolves to permit a director to have any involvement in a matter involving possible circumstances of conflicting interests the Board must minute full details of the basis of the permission and the nature of the conflict including a formal resolution concerning the matter.

The company secretary will maintain a register of all possible conflict of interest situations.

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## **8 MEETINGS**

Directors should ordinarily receive Board papers and related material not later than five days prior to the relevant meeting.

The chairman of the meeting should ensure the availability and, if necessary, the attendance at the relevant meeting, of any member of executive management responsible for a matter included as an agenda item at the relevant meeting.

The non-executive directors should arrange to meet at least twice in each financial year to conduct a non-executive discussion of Board and management issues. These meetings are to be used to provide feedback about Board processes, including the adequacy and timeliness of information being provided to the Board. At times these meetings may focus on substantive issues that some Board members wish to discuss with management present. These meetings may also discuss areas where the performance of independent directors could be strengthened.

Any issues arising from these meetings that bear on the relationship between the Board and management will be communicated quickly and directly to the MD by the chairman.

### **8.1 Agenda**

An agenda will be prepared for each Board and committee meeting.

### **8.2 Circulating resolutions of directors**

Urgent matters that cannot wait until the next Board meeting can be dealt with by a circulating resolution of the Board. Circulating resolutions of the Board should be approved by the chairman before being circulated and should normally be preceded by a telephone meeting if practical.

Circulating resolutions of the Board must be signed by all directors (excluding those Directors who would not be permitted by virtue of the Corporations Act were the resolution put to a meeting of the Board) approving the action and will be entered in the Board minute book. If all directors do not sign the resolution approving the action the item is deferred to the next Board meeting.

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## **9 BOARD COMMITTEES**

Given the current size of the Company and the Board, the directors believe there are no efficiencies to be gained from forming separate diversity, audit, nomination, remuneration or risk management committees. Instead, the full Board performs these roles.

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## **10 INDEPENDENT ADVICE**

A director of the Company is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense (for reasonably incurred expenses) on any matter connected with the discharge of his or her responsibilities as a director, in accordance with the Constitution of the Company and the procedures and conditions set out below:

- (a) a director must seek the prior approval of the chairman;
- (b) in seeking the prior approval of the chairman, the director must provide the chairman with details of:
  - (i) the nature of the independent professional advice;
  - (ii) the likely cost of seeking the independent professional advice; and

- (iii) details of the independent adviser he or she proposes to instruct; and
- (c) the chairman may prescribe a reasonable limit on the amount that the Company will contribute towards the cost of obtaining such advice.

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## **11 REMUNERATION**

The level of non-executive director remuneration will be set by the Board in its capacity as the “Remuneration Committee” and approved by shareholders in general meeting so as to attract the best candidates for the Board while maintaining a level that is commensurate with boards of similar size and type.

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## **12 BOARD PERFORMANCE**

At least once in each financial year, there must be a performance evaluation:

- (a) of the Board;
- (b) individual directors’ contribution to the Board; and
- (c) to establish the goals and objectives of the Board for the upcoming year.

The results will be internal to the Board, but disclosure will be made indicating that such performance evaluation had been undertaken in the annual report and on the Company’s website.

The Board will determine the manner and form of the performance evaluation.

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## **13 REVIEW OF BOARD CHARTER**

The Board will, at least once in each financial year, review this Charter to determine its appropriateness to the needs of the Company and make any amendments it determines are necessary or desirable.

Approved by the Board on 25 January 2012.