



# BOARD CHARTER

## **PURPOSE OF THE CHARTER**

This charter sets out the role, composition and responsibilities of the board of directors of Ausgold Limited ("Board") within the governance structure of Ausgold and its wholly owned subsidiaries ("Ausgold").

The conduct of the Board is also governed by the Ausgold Limited's constitution ("Constitution").

## **MEMBERSHIP, TERM AND COMMITMENT**

The Constitution provides for a minimum of three Directors and a maximum of seven Directors.

A director (other than the Managing Director/Chief Executive Officer) may not retain office for more than three years without submitting for re-election.

Processes for the appointment, re-appointment and evaluation of directors are set out in Ausgold's Selection, Appointment and Re-Appointment of Directors Policy.

Where possible, at least half of the Board, excluding the Chairman, shall comprise non-executive directors determined by the Board to be independent, as per the definition of independence contained within Ausgold's directors' test of independence policy.

All directors, whether independent or not, must have a proper understanding of, and competence to deal with, the current and emerging issues of the business and bring an independent judgment to bear on Board decisions.

The Board encourages enhanced performance of Ausgold and effectively review and challenge the performance of management.

The threshold for materiality for the purpose of assessing the materiality of relationships between a non-executive director and Ausgold (other than as a director) will be judged according to the significance of the relationship to the director in the context of their activities as a whole.

Membership of the Board shall be disclosed in Ausgold's annual report, including whether a Director is independent or not independent.

The Board should meet sufficiently regularly to discharge its duties effectively. The Board generally has at least six regularly scheduled meetings in each financial year.

All new members of the Board are to be provided with a formal letter of appointment setting out the key terms and conditions of their appointment.

All Board members must inform the Board before accepting any other directorships.

## **MATTERS RESERVED FOR THE BOARD**

The Board guides and monitors the business and affairs of Ausgold on behalf of the shareholders by whom they are elected and to whom they are accountable. In carrying out its responsibilities, the Board undertakes to serve the interests of shareholders, employees, and the broader community honestly, fairly, diligently and in accordance with applicable laws.

The following are matters which are specifically reserved for the Board and they constitute the key responsibilities of the Board, namely to:

- develop, review and monitor Ausgold's long term business strategies and provide strategic direction to management;

- approve and monitor budgets, major capital commitments, capital management, acquisitions and divestitures;
- identify and review risks that may face Ausgold and ensure that it has systems in place for risk management and internal control;
- review and approve Ausgold's financial statements and other reporting;
- appoint, remove and review the performance of the Chief Executive Officer;
- ratify the appointment or removal of the Chief Financial Officer and the Company Secretary;
- appoint directors, subject to shareholder ratification at general meeting;
- establish and maintain corporate governance standards;
- monitor compliance with legal, regulatory requirements (including continuous disclosure) and ethical standards;
- lead by example to establish a culture within Ausgold which strives for and rewards best practice in all areas of the business, particularly with regard to environmental issues;
- monitor whether the Board is appropriately skilled to meet the changing needs of Ausgold;
- the entire Board (subject to shareholders' voting rights in general meeting) is responsible for selection of directors and seeks to ensure that a candidate's experience and competence can assist Ausgold in meeting its corporate objectives and plans;
- arrange appropriate insurance cover in respect of legal action against its directors;
- oversee Ausgold's operations, including its control and accountability systems;
- provide input into and final approval of management's development of corporate strategy and performance objectives;
- review, ratify and monitor Ausgold's Code of Conduct; and
- ensure that appropriate resources are available to senior executives.

## **CHAIRMAN**

The Chairman is responsible for:

- the leadership of the Board and ensuring its effectiveness on all aspects of its role and setting its agenda;
- the efficient organisation and conduct of the Board's functioning, including establishing the agenda for Board meetings in consultation with the Chief Executive Officer, chairing Board meetings and ensuring that the Board behaves in accordance with this charter;
- ensuring that directors receive accurate, timely and clear information in a form and of a quality appropriate to enable it to discharge their duties. All directors are entitled to request additional information where they consider such information necessary to make informed decisions;
- ensuring that the views of shareholders are communicated to the Board as a whole, and that governance and strategy issues are discussed with major shareholders;
- ensuring that directors continually update their skills, knowledge and familiarity with Ausgold required to fulfil their role both on the Board and on Board committees;
- ensuring that new directors receive a full, formal and tailored induction on joining the Board. The letter of appointment should set out the director's expected time commitment;
- facilitating the effective contribution of all directors at Board meetings; and
- the promotion of constructive and respectful relations between directors, and between the Board and management.

The Chairman shall disclose to the Board any significant commitments outside Ausgold and this information and its impact will be included in each annual report of Ausgold.

## **CHIEF EXECUTIVE OFFICER (CEO)**

Responsibility for implementing the strategic direction and management of Ausgold's day-to-day operations is delegated to the CEO, who is accountable to the Board.

The CEO is the Chief Executive Officer of Ausgold and is responsible for:

- the development (in conjunction with the Board) and implementation of short, medium and long-term corporate strategies for Ausgold, preparing business plans and reports with senior management and reporting/presenting to the Board on current and future initiatives;
- managing a team of executives responsible for all functions contributing to the success of Ausgold;
- ensuring that Ausgold has the appropriate risk management practices and policies in place;
- the efficient and effective operation of the Ausgold;
- the assessment of business opportunities which are of potential benefit to the Ausgold;
- bringing material and other relevant matters to the attention of the Board in an accurate and timely manner; and
- overseeing shareholder communications.

## **SEPARATION OF FUNCTIONS BETWEEN THE CHAIRMAN AND THE CEO**

The roles of the Chairman and CEO are strictly separated.

The CEO must not be subsequently appointed as Chairman of Ausgold. If, exceptionally, the Board decides that the CEO should become Chairman, the Board shall consult major shareholders in advance and set out its reasons to shareholders at the time of the appointment and in the next annual report of Ausgold.

The balance of responsibilities between the Chairman and the CEO will be regularly reviewed to ensure the division of functions remains appropriate to the needs of Ausgold.

## **NON-EXECUTIVE DIRECTORS**

All non-executive directors are encouraged to:

- regularly update and refresh their skills, knowledge and familiarity with Ausgold;
- seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice;
- where they have concerns about the running of Ausgold or a proposed action, ensure that these are addressed by the Board, to the extent that they are not resolved, ensure that they are recorded in the Board minutes. On resignation, a non-executive director should provide a written statement to the Chairman, for circulation to the Board, if they have any such concerns.

It is up to each non-executive director to reach a view as to what is necessary in particular circumstances to comply with the duty of care, skill and diligence they owe as a director to Ausgold.

Non-executive directors are invited to attend meetings with major shareholders when requested.

Ausgold's annual reports must identify each non-executive director considered independent, along with reasons for the existence of any relationships or circumstances which may appear to impede their independence.

Led by the senior independent director, the non-executive directors should meet once a year without the Chairman present to appraise the Chairman's performance.

## **SENIOR INDEPENDENT DIRECTOR**

To assist the Board in carrying out its responsibilities, one of the directors should be designated by the Board as the senior independent director. The senior independent director should be a non-executive director who is determined by the Board to be independent, as per the definition of independence contained within Ausgold's directors' test of independence policy.

The senior independent director is responsible for convening and chairing regular meetings with the other non-executive directors without the executives being present and for meeting with a range of major shareholders on a regular basis in order to help develop a balanced understanding of the issues and concerns of major shareholders and liaising with the CEO regarding shareholder communications (if appropriate).

## **BOARD COMMITTEES**

To assist it in carrying out its responsibilities, and in accordance with the Constitution, the Board has established the following two standing committees:

- Audit and Risk Committee;
- Nomination and Remuneration Committee

The responsibilities of the committees are laid out in their respective charters.

## **INDEPENDENT ADVICE**

Directors have the right to seek independent professional advice in the furtherance of their service as directors, at Ausgold's expense. Written approval must be obtained from the Chief Executive Officer prior to incurring expense on behalf of Ausgold.

## **CODE OF CONDUCT**

Directors of Ausgold are expected to abide by Ausgold's Code of Conduct. In addition, in executing their responsibilities, directors must:

- act honestly, in good faith and in the best interest of Ausgold as a whole;
- use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- use the powers of office for a proper purpose, in the best interests of Ausgold as a whole;
- recognise that a director's primary responsibility is to Ausgold's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of Ausgold;
- not make improper use of information acquired as a director;
- not take improper advantage of the position of director;
- not allow personal interests, or the interest of any associated person, to conflict with the interests of Ausgold;
- maintain independence in judgment and actions and take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board;
- understand that confidential information received by a director in the course of the exercise of their duties as a director of Ausgold remains the property of Ausgold and may not be disclosed, unless that disclosure has been expressly authorised by Ausgold or the person from whom the information is provided, or is otherwise required by law to be disclosed;
- not engage in conduct likely to bring discredit upon Ausgold; and
- at all times, comply with the spirit, as well as the letter, of the law and the principles of this Code of Conduct.

## **SECRETARY**

The Company Secretary will be the secretary of the Board.

Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows between directors and the Board committees, and between senior management and non-executive directors, as well as facilitating the induction of new directors and assisting with each director's professional development, as required.

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters.

All directors have access to the advice and services of the Company Secretary.

The Company Secretary is responsible for monitoring Board policy, ensuring procedures are followed and co-ordinating the timely completion and despatch of the Board agenda and briefing materials.

The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

## **MINUTES**

Proceedings of all Board meetings, including Board committee meetings, are minuted and signed by the Chairman or the chairman of the particular meeting.

Minutes of all Board meetings are circulated to directors and considered for approval by the Board at the subsequent meeting.

## **AMENDMENT OF THIS CHARTER**

This charter has been adopted by the Board. Any amendment to this charter can only be approved by the Board.

## **REVIEW OF THIS CHARTER**

The Company Secretary will conduct a review of this charter and the effectiveness of Ausgold's standards of conduct with respect to the objects of this charter at least once annually, to ensure compliance with the law and determine the extent to which the ASX Corporate Governance Council's Principles and Recommendations have been met. The Company Secretary will report to the Board with his or her recommendations for consideration by the Board.

## **DISCLOSURE**

A copy of this charter should be made available on Ausgold's website and is to be made available to shareholders of Ausgold upon request.