
CHARTER OF BOARD & SENIOR EXECUTIVE FUNCTIONS

INTRODUCTION AND PURPOSE

This statement summarises the roles and responsibilities of the Board and senior executives of Dragon Mining Limited (“the Company”). The disclosure of the roles and responsibilities of the Board and senior executives is designed to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and senior executives of the Company.

It must be noted that the roles and responsibilities of the Board and senior executives will evolve as the Company moves forward. As such, a regular review of the balance of responsibilities is seen to be appropriate to ensure that the division of the functions remains appropriate to the needs of the Company.

This Charter is only a summary of the matters reserved to the Board and senior executives and should therefore only be used as a general guide only and is not to be used in a legal capacity.

RELATIONSHIP BETWEEN THE BOARD AND SENIOR EXECUTIVES

The relationship between senior executives and the Board is a partnership that is crucial to the Company’s long term success.

The broad separation of functions and responsibilities between senior executives and the Board are set out in this Charter and should be respected and clearly understood. Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be a senior executive.

The Board gives direction and exercises judgement in setting the Company’s objectives and overseeing their implementation.

The Managing Director is responsible to the Board for the day-to-day management of the Company and advancing the strategic direction. The Managing Director must report to the Board in a timely manner on those matters included in the Company’s risk profile, all relevant operational matters and any other matter that is likely to fall outside the Company’s materiality threshold.

The Board will regularly review the separation of functions and responsibilities between senior executives and the Board to ensure that they are appropriate to meet the Company’s needs and development of best practice standards, by reference to the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“ASX Principles”).

RESPONSIBILITIES OF THE BOARD

The management and control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the business activities and management for the benefit of the Company’s shareholders. The Board also recognises its responsibilities to the Company’s employees, the environments and communities in which the Company operates and where appropriate, other stakeholders. The Board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded.

The key responsibilities of the Board include:

- Overseeing the Company, including its control and accountability systems;
- Appointing and removing the Managing Director;
- Where appropriate, ratifying the appointment and the removal of senior executives;
- Providing input into and final approval of senior executives' development of corporate strategy and performance objectives;
- Reviewing, ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Overseeing the management of safety and occupational health, environmental issues, native title, cultural heritage and community development;
- Monitoring senior executives' performance and implementation of strategy;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestments;
- Reviewing and approving remuneration of the Managing Director and senior executives;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Appointment, re-appointing or removing the Company's external auditors (on the recommendation of the Audit Committee); and assuring itself that proper audit procedures are in place; and
- Monitoring and overseeing the management of shareholder and community relations.

ROLE OF SENIOR EXECUTIVES

Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be senior executives.

The role of senior executives is to progress the strategic direction provided by the Board.

RESPONSIBILITIES OF THE CHAIRMAN AND THE MANAGING DIRECTOR

The Board has delegated responsibility for the day-to-day activities to the Managing Director and senior executives. The Board ensures that the team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and senior executives'. The roles of the Chairman and the Managing Director are not combined.

The responsibilities of the Chairman are to:

- Lead the Board;
- Ensure the efficient organisation and conduct of the Board's function;
- Brief all Directors in relation to issues arising at Board meetings;
- Chair shareholder meetings of the Company; and

- Exercise such specific and express powers as are delegated to the Chairman by the Board from time to time.

The responsibilities of the Managing Director are to:

- Manage and administer the day-to-day operations of the Company;
- Supervise senior executives and represent them to the Board; and
- Exercise such specific and express powers as are delegated to the Managing Director by the Board from time to time.

RETIREMENT FROM THE BOARD

All Directors are expected to voluntarily review the Director's membership of the Board from time to time taking into account their length of service on the Board, age, qualifications, experience and other commitments in light of developing best practice standards and the Company's current policies.

Notwithstanding the Company's Constitution if a non-executive Director is required to retire by rotation in accordance with the Company's Constitution or the Australian Securities Exchange Listing Rules, the non-executive Director will take into account the views of the other non-executive Directors of the Company when deciding whether to stand for re-election.

INDEPENDENCE ADVICE

Each Director may obtain independent professional advice, with the prior written approval of the Chairman to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of the Committee and the Company will reimburse the Director for the reasonable expense of obtaining that advice.

ACCESS TO THE COMPANY SECRETARY AND EMPLOYEES

Each Director and senior executive has a right of access to the Company Secretary at all times.

CONFIDENTIALITY

The Directors and senior executives acknowledge that all proceedings of the Board and its Committees are strictly confidential and that a Director or senior executive will be expected to resign from the Board if the Director or senior executive breaches this confidentiality.

REVIEW OF CHARTER

The Board will regularly review the Charter to ensure that it meets best practice standards which comply with the ASX Principles and meet the needs of the Company.