

1 Introduction

- 1.1 The Board has the overall responsibility for the corporate governance of Antilles Gold Limited and its controlled entities (**Antilles Gold**, the **Company**), including strategic direction, the review of the plans established by management and the monitoring of performance against those plans.
- 1.2 The Board conducts annual reviews of the internal guidelines relating to corporate governance, Board membership and operation and committee structures and monitors adherence to these guidelines by the Board, its committees and management. This process ensures that Board procedures are continually reviewed and high standards of Board performance are maintained.
- 1.3 The Board should not itself manage the business affairs of the Company, as this is delegated to the Managing Director. However, the Board must put in place procedures and structures that enable it to discharge its role of bearing ultimate responsibility.
- 1.4 The Board must set the framework within which the Company operates and, to an appropriate degree, oversee and supervise its operations.
- 1.5 As well as having the ultimate responsibility for the operations of the Company and the interests of its Shareholders, the Board must be aware of and have due respect to the obligations of the Company and its subsidiaries to other stakeholders, either as a matter of general law or as a result of particular regulations relating to specific aspects of the business. In addition certain specific statutory obligations are imposed on Directors under the ASX Listing Rules and Corporations Act.
- 1.6 The Board must:
 - (a) be satisfied with management's plans for carrying on the Company's business;
 - (b) place limits on the extent to which management can commit resources or dispose of assets or raise funds without specific approval;
 - (c) ensure that it is kept well informed of developments and events which might significantly affect the business;
 - (d) monitor and review the performance of the Managing Director;
 - (e) supervise and review the performance of the Company Secretary; and
 - (f) be aware of any significant risks to the Company and its finances, and review management's approach to mitigation of such risks.

- 1.7 The business of the Board over the year should include:
- (a) consideration and approval of annual budgets, and forward strategic plans for the Company;
 - (b) receiving and considering monthly management accounts and reports from the Managing Director and Chief Financial Officer on the Company's financial performance; and
 - (c) regularly reviewing and discussing with the Managing Director the performance of the Company.
- 1.8 In their interaction at Board meetings and elsewhere, Directors must recognise that it is not their role to direct the day to day management of the business. However, management must recognise that the Directors have the right to information they seek and that they have the right to receive answers to the questions they ask.
- 1.9 The Managing Director is responsible for informing the Board of any matter which has come to his attention and of which other Directors should, but may not otherwise, be aware.
- 1.10 The formal delegation of management authority is to the Managing Director, and he or she will be the prime source of information to the Board. Directors have the right to seek information from the Managing Director, Chief Financial Officer and Company Secretary. Further, the Directors have the right of access to all information about the Company and its business and affairs, including from the Company's bankers, external accountants and independent auditor, in appropriate ways and at appropriate times.
- 1.11 The Board is the body to which management is answerable. Subject to the overview of the Board, it is for the Managing Director, acting within his delegated authority, to determine how the management of the Company is conducted.

2 Purpose and Role

- 2.1 The key objectives of the Board of the Company are:
- (a) to increase Shareholder value within an appropriate framework which safeguards the rights and interests of the Company's Shareholders; and
 - (b) to ensure the Company is properly managed.

2.2 The Board is responsible for:

- (a) Charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- (b) Monitoring the implementation of those policies and strategies and the achievement of those financial objectives and performance against the strategic plan and budgets;
- (c) Monitoring compliance with control, accountability and risk management systems, significant disclosures to the market regulatory requirements and ethical standards;
- (d) Ensuring the preparation of accurate financial reports and statements;
- (e) Reporting to Shareholders and the investment community on the performance and state of the Company;
- (f) Ensuring that appropriate audit arrangements are in place;
- (g) Reviewing on a regular and continuing basis:
 - Executive succession planning (in particular for the Managing Director); and
 - Executive development activities; and
- (h) Ensuring that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately.

2.3 In performing the responsibilities set out above the Board acts at all times:

- (a) In a manner designed to create and build sustainable value for Shareholders; and
- (b) In accordance with the duties and obligations imposed upon them by the Company's Constitution and by law.

3 Matters requiring Board action

3.1 The following matters require Board action and are not within the authority delegated to the Managing Director. There are other matters which by law or under the Constitution also must be dealt with by the Board.

- (a) Appointment and remuneration of, and delegation of authority to, the Managing Director and general approval of policies relating to sub-delegation.
- (b) Appointment of the Company Secretary;
- (c) All matters relating to the issue of securities of the Company;

- (d) Appointment and remuneration of members of the Board;
- (e) Adoption of annual business plans and budgets and approval of longer term strategic plans for the Company;
- (f) Capital expenditure as per the Company's Capital Expenditure Policy;
- (g) Disposal of any capital item for a sum in excess of \$500,000;
- (h) External borrowings and commitments to liabilities in excess of \$500,000;
- (i) Guarantees or indemnities of third parties;
- (j) Initiation of litigation;
- (k) Approval of all Director's Reports and Financial Statements for release to Shareholders and the ASX;
- (l) Approval of the Annual Report and Half Yearly Report and any other significant report or release to the ASX or Shareholders. Any media releases which relate to price sensitive information require approval by the Chairman who will liaise with the Board as necessary;
- (m) Declaration of dividends;
- (n) Approval of the term of appointment and remuneration of the Managing Director, Chief Financial Officer, Company Secretary or any other officer of the Company;
- (o) Oversight and review of:
 - Audit and compliance functions and their performance; and
 - Control and corporate governance functions and their performance;
- (p) Oversight and review of the Company's risk management framework;
- (q) Oversight and review of the Company's core business and investment strategy and performance;
- (r) Approving any political donations; and
- (s) Any matter exceeds the Materiality Threshold as defined below.

3.2 Materiality Threshold

The Board has agreed on the following guidelines for assessing the materiality of matters:

- (a) Materiality – Quantitative
- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
 - Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- (b) Materiality – Qualitative. Items are also material if:
- they impact on the reputation of the Company;
 - they involve a breach of legislation;
 - they are outside the ordinary course of business;
 - they could affect the Company's rights to its assets;
 - if accumulated they would trigger the quantitative tests; or
 - they involve a contingent liability that would probably have an effect of 10% or more on balance sheet or profit and loss items.
 - they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- (c) Material Contracts. Contracts will be considered material if:
- they are outside the ordinary course of business;
 - they contain exceptionally onerous provisions in the opinion of the Board;
 - they impact on income or distribution in excess of the quantitative tests;
 - there is a likelihood that either party will default and the default may trigger any of the quantitative tests;
 - they are essential to the activities of the Company and cannot be replaced or cannot be replaced without an increase in cost of such a quantum as trigger any of the quantitative tests;
 - they contain or trigger change of control provisions;
 - they are between or for the benefit of related parties;
 - or they otherwise trigger the quantitative tests.
- (d) Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("Materiality Threshold").

4 Board Membership

- 4.1 When there are five or more Directors the Board will comprise a majority of independent Directors.
- 4.2 When the number of Directors appointed to the Board is five or more, the Directors should appoint as Chairman of the Board, a person who is not the Managing Director and who is an Australian citizen or permanent resident.
- 4.3 Above all, the Board should be comprised of Directors with appropriate competencies to enable the Board to discharge its mandate effectively and should be limited to a size that is conducive to effective and efficient decision making.

5 Board proceedings

- 5.1 The Board will meet at appropriate intervals each year and additionally when and as often as required to enable it to fulfil its responsibilities.
- 5.2 The overall management of business of Board meetings is the responsibility of the Chairman in consultation with the Managing Director and Company Secretary.
- 5.3 The Chairman is responsible for ensuring that at each meeting the business of the meeting is properly dealt with and the Directors have the opportunity to carry out their own responsibilities.
- 5.4 Both Non-Executive Directors and the Executive Directors have the same rights and responsibilities in their capacities as Directors, and the Board must act as a whole when it is acting as a Board. However, the Board's responsibility to make judgments about the performance of management necessarily gives rise to a potential for conflict of interest. To that extent there is a difference between the roles of the Non-Executive Directors and Executive Director.
- 5.6 The Executive Directors will at each meeting report to the Board upon all matters and raise for discussion all issues of which, in carrying out their roles, the Directors should be aware and on which they should be entitled to express a view. As well the Directors should be made aware of matters which are likely to come into public arena and of matters concern which may adversely or favourably affect the business or the Company.
- 5.7 The formal delegation of management authority is to the Managing Director, and he will be the prime source of information to the Board. Directors have the right to seek information from the Managing Director, Chief Financial Officer and Company Secretary. Further, the Directors have the right of access to all information about the Company and its business affairs, including from the Bankers, external accountants and independent auditor, in appropriate ways and at appropriate times.
- 5.8 Board and Committee papers are provided to Directors, where possible, three (3) days prior to the relevant meeting.

6 Board Committees

- 6.1 To assist in the execution of its corporate governance responsibilities, the Board may establish the following committees:
- audit and risk committee
 - remuneration committee and
 - nomination committee.
- 6.2 The functions of the committees in 6.1 will be performed by the Board, as and when necessary. The requirements for these committees will be reviewed annually based on the size, composition and structure of the Board and management:

6.3 Where the Company is carrying out matters associated with public capital raisings, the Board will appoint a due diligence committee to oversee the process and the issue of any disclosure documents.

7 The Chairman

7.1 The Directors elect one of their number to the office of Chairman and may determine the period for which that Director is to be Chairman.

8 The Managing Director

8.1 The Managing Director:

(a) Is appointed by the Board under the Company's Constitution he or she is responsible to the Board for directing and promoting the profitable operation and development of the Company consistent with the primary objective of enhancing long-term Shareholder value.

(b) Will do his or her best to ensure that the objectives, policies, strategies and plans applicable to the Company are met having regard to the interests of all Shareholders.

9 The Company Secretary

9.1 The Company Secretary supports the effectiveness of the Board by:

(a) Monitoring that the Board policy and procedures are followed;

(b) Coordinating the completion and despatch of Board agendas and briefing papers; and

(c) Maintaining compliance systems which ensure the Board and Company adhere to ASX Listing Rules and the Corporations Act.

9.2 The Company Secretary is responsible to the Board, through the Chairman, on all governance matters.

10 Self-Assessment

10.1 The Board undertakes an annual performance evaluation of itself that:

(a) Compares the performance of the Board with the requirements of its character; and

(b) Effects any improvements to the Board charter and corporate governance policies and procedures deemed necessary or desirable.

10.2 The performance evaluation is conducted in such manner as the Board deems appropriate.

10.3 The general management and oversight of this process of review, together with development of appropriate Board member performance assessment measures, will be the responsibility of the Chairman. Primarily the review will be carried out through consultation by the Chairman with individual Directors.

11 Appointment

11.1 The Company Secretary and Chairman will provide an induction for new Directors appointed to the Board in accordance with the Company's induction procedures.

12 Term of Office

12.1 A Director, subject to circumstances prevailing at the time and the Board's ability to find a suitable replacement, retires from the Board at:

- (a) The third anniversary date of appointment, or in accordance with the rotation requirements of under the Company's constitution, whichever is the earlier; or
- (b) The conclusion of the annual general meeting occurring after the tenth anniversary of the Director's first appointment or election to the Board, whichever occurs first.