

DKN FINANCIAL GROUP LIMITED BOARD CHARTER

1. Introduction

The Board (“Board”) of DKN Financial Group Limited (“Company”) has the ultimate responsibility for establishing the strategies and policies to drive the performance of the Company. The Board is dedicated to fulfilling these duties in a lawful and professional manner, and with integrity and objectivity.

Good governance policies and processes are critical for ensuring that the Company is governed in the best interests of the Company as a whole. With this in mind, the Board has decided to articulate and formalise the corporate governance framework within which the Company operates.

This document outlines the Company’s corporate governance policy in the form of a Board Charter, which is a written policy document that defines the respective roles, responsibilities and authorities of the Board, both individually and collectively, and of management in setting the direction, management and control of the organisation. As such, it establishes the guidelines within which the Directors and Officers are to operate as they carry out their respective roles. It does not in anyway constitute legal advice or act as a substitute for legal advice.

The purpose of this Board Charter is to document the policies upon which the Board has decided to meet its legal and other responsibilities.

The Company’s Board Charter has four major sections:

- Part A – Defining Governance Roles;
- Part B – Board Processes;
- Part C – Key Board Functions; and
- Part D – Protection and Remuneration.

Part A – Defining Governance roles

2. The role of the Board

The Board is ultimately responsible for establishing all strategies and policies relating to the running of the Company.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board has the final responsibility for establishing the strategies and policies which seek to ensure the successful operations of the Company. In general, it has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. In carrying out its governance role, the main task of the Board is to set the policies and strategies to drive the performance of the Company. The Board also seeks to ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Providing leadership to the Company by:
 - Guiding the development of an appropriate culture and appropriate values for the Company;
 - Generally acting in a manner consistent with the Company's culture and Code of Conduct;
- Overseeing the development and implementation of an appropriate strategy by:
 - Working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place;
 - Regularly reviewing and amending or updating the Company's strategic direction and goals;
 - Overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets;
 - Reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis;
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders;
- Overseeing the control and accountability systems that seek to ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;

- Seeking to ensure effective risk management, compliance and control systems (including legal compliance) are in place ;
- Being responsible for the Company’s senior management and personnel including:
 - Directly managing the performance of the CEO including:
 - appointing and remunerating the CEO;
 - providing advice and counsel to the CEO including formal reviews and feedback on his or her performance;
 - overseeing the development or removal of the CEO, where necessary;
 - Approving the appointment, the terms and conditions of the appointment and, where appropriate, removal of the CFO, Company Secretary and all senior executives who report to the CEO;
- Delegating appropriate powers to the CEO, management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers.

The detail of some Board functions will be handled through Board Committees. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

3. Board structure

The Board has determined that, consistent with the size of the Company and its activities, the Board shall be comprised of seven Directors. Six of the Directors, including the Chairman are non-executive.

The independence of the Company’s non-executive Directors will be assessed on an ongoing basis.

In the opinion of the Board, all Directors should bring specific skills and experience that add value to the Company. The balance of skills and experience of the Board is reviewed by the Board itself as the Company does not have a Nominations Committee.

When considering vacancies, the Board will take into account a candidate’s capacity to enhance the mix of skills and experience of the Board.

It is envisaged that Directors shall remain on the Board until required to vacate the office by law or as detailed in the Constitution. The terms and conditions for Directors are contained in their letter of appointment.

4. The role of individual Directors

As members of the peak decision-making body in the Company, Directors will seek to ensure that the Board is providing:

- leadership to the Company;
- a clear and appropriate strategic direction;
- accountability to key stakeholders, particularly shareholders;
- oversight of policies;

- oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance;
- an effective senior management team; and
- timely and effective decisions on matters reserved to it.

4.1 Directors' Code of Conduct

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the company:

- will act honestly, in good faith and in the best interests of the whole Company;
- owe a fiduciary duty to the Company as a whole;
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- will undertake diligent analysis of proposals placed before the Board;
- will act with a level of skill expected from directors and key executives of a publicly listed company;
- will use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- will demonstrate commercial reasonableness in decision making;
- will not make improper use of information acquired as Directors and key executives;
- will not disclose non-public information except where disclosure is authorised by the Board or legally mandated;
- will keep confidential, information received in the course of the exercise of their duties and recognise that such information remains the property of the Company and that it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Board, or is required by law;
- will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company;
- will not take advantage of Company property or use such property for personal gain or to compete with the Company;
- will protect and ensure the efficient use of the Company's assets for legitimate business purposes;
- will disclose to the Board any interests which conflict with the interests of the Company and will comply with the guidelines set out in this Board Charter in the event of any conflict;
- will make reasonable enquiries as to whether the Company is operating efficiently, effectively and legally towards achieving its goals;
- will not engage in conduct likely to bring discredit upon the Company;
- will encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees;
- make available their specific expertise as required from time to time to the Company;
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Charter;

4.2 Expectations of Directors in Board process

Since the Board needs to work together as a group, Directors need to establish a set of standards for Board meetings. It is expected that Directors shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board. This will include, but not be limited to:

- behaving in a manner consistent with the letter and spirit of the Corporate Code of Conduct;
- acting in a businesslike manner;
- acting in accordance with the Constitution and Board policies;
- addressing issues in a confident, firm and friendly manner;
- preparing thoroughly for each Board or Committee event;
- using judgment, commonsense and tact when discussing issues;
- ensuring that others are given a reasonable opportunity to put forward their views;
- being particularly sensitive in interpreting any request or direction from the Chairman that aims to ensure the orderly and good-spirited conduct of the meeting.

Directors are expected to be forthright in Board meetings and have a duty to question, request information, raise any issue, and fully canvas all aspects of any issue confronting the Company, and cast their vote on any resolution according to their own judgment.

Directors will keep confidential all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. It is improper to disclose it, or allow it to be disclosed, without appropriate authorisation.

4.3 Conflict of Interest and Related Party transactions

4.3.1 Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. On appointment, Directors will have an opportunity to declare any such interests.

Directors should update this disclosure to the Board as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chairman any actual or potential conflict of interest situation as soon as it arises.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot, or is unwilling to, remove a conflict of interest, then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors do not have to absent themselves when the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

4.3.2 Related Party transactions

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported to each Board meeting.

Under the *Corporations Act* related party transactions generally need to be approved by the shareholders. An exemption to this requirement occurs where the financial benefit is given on arm's length terms.

4.4 Emergency contact procedures

As there is the occasional need for urgent decisions, Directors should leave with the Company Secretary any contact details, either for themselves or for a person who knows their location, so that all Directors can be contacted within 24 hours in cases of a circulating resolution or other urgent business.

5. The role of the Chairman

The Chairman's role is a key one within the Company. The Chairman is considered the "lead" Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes.

There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom and the Chairman's role outside the boardroom.

5.1 Inside the Boardroom

Inside the boardroom, the role of the Chairman is to:

- Establish the agenda for Board meetings in consultation with the CEO and Company Secretary;
- Chair Board meetings;
- Be clear on what the Board has to achieve, both in the long and short term;
- Provide guidance to other Board members about what is expected of them;
- Ensure that Board meetings are effective in that:
 - the appropriate matters are considered during the meeting (for example, strategic and important issues);
 - matters are considered carefully and thoroughly;
 - all Directors are given the opportunity to effectively contribute; and
 - the Board comes to clear decisions and resolutions are noted;
- Brief all Directors in relation to issues arising at Board meetings;
- Ensure that the decisions of the Board are implemented properly;
- Ensure that the Board behaves in accordance with its Charter.

5.2 Outside the Boardroom

Outside the boardroom, the role of the Chairman is to:

- In conjunction with the CEO, undertake appropriate public relations activities;
- Be the spokesperson for the Company at the annual general meeting and in the reporting of performance and profit figures;

- Be the major point of contact between the Board and the CEO;
- Be kept fully informed of current events by the CEO on all matters which may be of interest to Directors;
- Regularly review with the CEO, and such other appropriate senior officers, progress on important initiatives and significant issues facing the Company;
- Provide mentoring for the CEO; and
- Initiate and oversee the annual CEO evaluation process.

6. The role of the Company Secretary

The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have a right of access to the Company Secretary.

The tasks of the Company Secretary shall include:

Meetings and minutes:

- notifying the directors in writing in advance of a meeting of the Board as specified in the Constitution;
- ensuring that the agenda and Board papers are prepared and forwarded to Directors prior to the Board meeting;
- recording, maintaining and distributing the minutes of all Board and Board Committee meetings as required;
- maintaining a complete set of Board papers at the Company's office;
- preparing for and attending all annual and general meetings of the Company; and
- recording, maintaining and distributing the minutes of all general meetings of the Company.

Compliance:

- overseeing the Company's compliance program and seeking to ensure all Company legislative obligations are met;
- seeking to ensure all requirements of ASIC, the ATO and any other regulatory body are met; and
- overseeing the Company's compliance with corporate governance principles.

7. The role of the CEO

The Chief Executive Officer (CEO) is responsible for implementing the programme to achieve the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board. The position reports directly to the Board.

The CEO's primary objective is to seek to achieve the ongoing success of the Company through being responsible for all aspects of the management and development of the Company. The CEO is of critical importance to the Company in guiding the Company to develop new and imaginative ways of winning and conducting business. The CEO must have industry knowledge and credibility to fulfil the requirements of the role.

The CEO will manage a team of executives responsible for all functions contributing to the success of the Company.

The CEO's specific responsibilities will include:

- Developing, in conjunction with the Board, the Company's vision, values, and goals;
- Responsibility for implementing the programme to achieve the corporate goals and objectives of the Company;
- Development of short, medium and long-term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- Preparation of business plans and reports with the senior management; developing, with the Board, the definition of ongoing corporate strategy; implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- Advising the Board on the most effective organisational structure and overseeing its implementation;
- Assessment of business opportunities of potential benefit to the Company;
- Responsibility for proposals for major capital expenditure to ensure their alignment with corporation strategy and justification on economic grounds;
- Seeking to sustain competitive advantage through maximising available resources, encouraging staff commitment and strategically aligning the corporate culture with the organisation's goals and objectives;
- Establishing and maintaining effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
- Undertaking the role of key company spokesperson;
- Recommending policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives;
- Seeking to ensure statutory, legal and regulatory compliance and compliance with corporate policies and standards;
- Ensuring appropriate risk management practices and policies are in place;
- Developing and motivating direct reports and their respective teams;
- Selecting and appointing key staff; and
- Ensuring there is an appropriate staff appraisal system in place in the Company.

Part B – Board processes

8. Board meetings

Board meetings are a fundamental component of governance processes. Each Board meeting is critical, as it is the main opportunity for Directors to:

- obtain and exchange information with the senior management team;
- obtain and exchange information with each other; and
- make decisions.

The Board meeting agenda is equally as important because it shapes the information flow and subsequent discussion at meetings.

8.1 Meeting frequency

The Board will meet approximately 10 times per year, but no less than six times per year. Committees will meet as required.

8.2 Meeting time and location

The Board usually meets at Level 41, 120 Collins Street, Melbourne. Board meetings usually commence at 9.30 am, but this may vary depending on the agenda of each individual meeting, the availability of key participants and the location at which the meeting is taking place.

8.3 Conduct of meeting

The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. As such, the Chairman will:

- ensure that all members are heard;
- retain sufficient control to ensure that the authority of the Chair is recognised. This may require a degree of formality to be introduced if this is necessary to advance the discussion;
- take care that the decisions are properly understood and well recorded; and
- ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

8.4 Quorum and voting at meetings

In order for a decision of the Board to be valid, a quorum of Directors must be present. In accordance with clause 13.14 of the Company's constitution and subsequent decision by the Board a quorum is four Directors present and entitled to vote. Questions arising at Board meetings are to be decided by a majority of votes of Directors who are present and entitled to vote.

9. Board papers

9.1 Preparation and circulation of Board papers

The Company Secretary together with the CEO is responsible for the preparation and circulation of Board papers. The Board papers will be circulated to Directors prior to the Board meeting. If a Board paper relates to a matter in which there is a known conflict of interest with a particular Director then the relevant Board paper will be removed by the Company Secretary on the instructions of the Chairman, from the set of Board papers sent to that Director. In the case of the Chairman having a conflict of interest, the Board will appoint another Director to make final decisions on the forwarding of Board papers to the Chairman.

9.2 Retention of Board papers

The Company Secretary maintains a complete set of Board papers at the Company's headquarters. However, individual Directors may retain their own Board papers in a secure location.

10. Board minutes

Minutes are to be a concise summary of the matters discussed at a Board Meeting. Minutes will contain a brief reference to relevant Board papers tabled plus any official resolutions adopted by Directors. All decisions will be recorded in the minutes by means of a formal resolution.

11. Board calendar

In order to provide an even distribution of work over each year, the Board will adopt a twelve-month Board Calendar. It will be updated and approved prior to the start of each calendar year.

12. Committees

The Board currently has two committees:

- Audit Committee;
- Remuneration Committee.

Part C – Key Board functions

13. Contacts and Advisory role

13.1 CEO Advisory role

It is recognised that a key directorial duty is providing a sounding board for CEO ideas and challenges. Recognising that the CEO-Board relationship is critical to effective corporate governance, Directors should provide frank and honest advice to the CEO. It is expected that the Chairman will play a key part of this role and will maintain regular contact with the CEO.

All advice should be constructive in nature and provided in a positive manner. Where appropriate, Directors should recommend possible alternative advisers if they do not feel adequately trained to assist.

13.2 Protocol for interaction with internal and external parties

13.2.1 Media Contact and Comment

The Board has designated the CEO or the Chairman (where appropriate) to speak to the press on matters associated with the Company. In speaking to the press, the CEO or the Chairman will not comment on price sensitive information that has not already been disclosed to ASX, however, they may clarify previously released information. To assist in safeguarding against the inadvertent disclosure of price sensitive information, the CEO and the Chairman will be informed of what the Company has previously disclosed to the market on any issue prior to briefing anyone outside the Company.

Generally speaking, the Chairman will comment on:

- Annual and half-yearly results at the time of the release of the annual or half-yearly report
- Resolutions to be put to General Meetings of the Company
- Changes in Directors, any matter related to the composition of the Board or Board processes
- Any speculation concerning Board meetings or the outcomes of Board meetings
- Other matters specifically related to shareholders.

Generally speaking, the CEO will comment on:

- The Company's future outlook
- Any operational matter
- Product failures and other media queries concerning operational issues which reflect either positively or negatively on the Company
- Proposed or actual legal actions
- Queries and general discussions concerning the Company's industry.

13.2.1 External communications including analyst briefings and responses to Shareholder questions

The Company discloses its financial and operational results to the market each half year as well as informing the market of other events throughout the year as they occur. Half year financial reports, media releases and AGM speeches are all lodged with the ASX and subsequently posted to the Company's website. As all financial information is disclosed through the ASX, to the extent the Company determines necessary the Company will only comment on factual errors in information and underlying assumptions when commenting on market analysts' financial projections, rather than commenting on the projections themselves.

In addition to the above disclosures, the Company does conduct briefings and discussions with analysts and institutional investors. However, price sensitive information will not be discussed unless that particular information has been previously formally disclosed to the market via an ASX announcement. Slides and presentations used in briefings will also be released immediately prior to the briefing to the market via the ASX and posted on the Company's website.

In the event that any price sensitive information has been inadvertently disclosed at a briefing or discussion, it will be announced immediately to the ASX and then posted on the Company's website.

13.3 Hospitality and gifts

While the Company recognises the need from time to time to give or accept customary business courtesies in accordance with ethical business practices, Directors and officers will not solicit such courtesies and will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, the Directors' and officers' conduct in representing the Company.

14. Compliance

The Board is charged with overseeing and ensuring the integrity and effectiveness of the Company's compliance systems. The Board has established an Audit Committee that is responsible for overseeing the Company's compliance systems and reporting to the Board on those systems.

15. Risk management

Since risk management is a complex and critical component of the Company's governance, the Company has established a Risk Management Committee to oversee and guide the detail of this topic. The CEO is charged with implementing appropriate risk systems within the Company. Aspects of this process may be delegated.

Risk management is considered a key governance and management process, rather than an exercise merely to ensure regulatory compliance. Therefore, the primary objectives of the risk management system at the Company seek to ensure:

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade-off;
- regulatory compliance and integrity in reporting are achieved; and
- senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives the risk management system covers:

- Operations risk;
- Financial reporting; and
- Compliance.

16. Delegation of Authority

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a Board what Company matters are delegated to either specific Directors or management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.

Consequently, individual Directors have no individual authority to participate in the day-to-day management of the Company including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Board through resolution explicitly delegates an authority to the Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management positions as outlined in a relevant Board resolution.

16.1 Decisions requiring Board approval

The following decisions must be referred to the Board for approval:

- any changes to the Company's Share Trading Policy;
- Acquiring, selling or otherwise disposing of material items of property of the Company;
- Founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the Company's participation in other companies (including project joint ventures);
- Founding, dissolving or relocating branch offices or other offices, plants and facilities;
- Starting new business activities, terminating existing business activities or initiating major changes to the field of the Company's business activities;
- Approving and/or altering the annual business plan (including financial planning) for the Company or any part of the Company;
- Taking or granting loans;
- Granting securities of any type;
- Granting loans to Company officers or employees and taking over guarantees for the Company's officers and employees;
- Determining the balance sheet strategy for the Company or any part of the Company;
- Determining the total amount of bonuses and gratuities for Company officers and employees;
- Determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board of Directors.

Part D – Protection and remuneration

17. Director protection

17.1 Information seeking protocol

Directors will adhere to the following protocol when seeking information:

- Approach the CEO or Company Secretary to request the required data;
- If the data is not forthcoming, approach the Chairman;
- If the information is still not forthcoming, write a letter to all Board members and the CEO detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information; and
- As a last resort, employ the provisions of the *Corporations Act*.

17.2 Access to professional advice

A Director of the Company is expected to exercise considered and independent judgment on the matters before them. To discharge this expectation, a Director may from time to time need to seek independent, expert opinion on matters before them.

Prior to seeking professional advice a Director shall inform the Chairman about the nature of the opinion or information sought, the reason for the advice, the terms of reference for the advice and the estimated cost of the advice and obtain the approval of the Chairman. If the Chairman is seeking the advice he will need to seek the approval of the Board. Where more than one Director is seeking advice about a single issue, the Chairman shall endeavour to coordinate the provision of the advice.

17.3 Access to Board papers

The Directors have the right to access Board papers.

17.4 Insurance

The Company holds a Directors' and Officers' Insurance Policy a copy is to be made available to Directors upon request to the Company Secretary.

18. Non-Executive Director Remuneration

18.1 Fees

Non-executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive Directors. The sum each non-executive Director is paid is determined by the Remuneration Committee/Board from time to time.

18.2 Performance-based bonus

Non-executive Directors do not receive performance-based bonuses.

18.3 Retirement benefits

The Company does not provide any retirement benefits to non-executive directors.