

PanTerra Gold Limited

Board Code of Conduct

1 Obligations under Legislation

1.1 Directors will acquaint themselves with obligations imposed on them and the Company by the Corporations Act 2001. They will also familiarise themselves with other documents prepared by PanTerraGold Limited ("the Company") to meet corporate governance requirements. These include:

- (a) The Employee Code of Conduct – setting out minimum standards of conduct and integrity to be observed by all employees and Directors.
- (b) The Corporate Governance Statement – which advises Shareholders and the ASX of the corporate governance practices put in place by the Board.

1.2 The most important obligations under legislation are summarised below:

- (a) Directors will act honestly, and exercise reasonable care and diligence at all times in the performance of their functions.
- (b) A Director or former Director will not make improper use of information acquired by virtue of position.
- (c) A Director will not make improper use of position to gain a direct or indirect advantage for self or any other person.
- (d) Directors have a fiduciary duty to the Company and a duty to act with loyalty and in good faith.

2 Personal Behaviour

2.1 The standards of personal behaviour applicable to Board members are summarised below:

- (a) Directors will acquire a clear understanding of the role and purpose of the Board and the Company, including the statutory and regulatory requirements. They will develop an understanding of the Company's business and the environment in which it operates, and stay informed of all relevant activities affecting the Board.
- (b) Directors will strive to attend all Board and relevant committee meetings and other scheduled activities. Where attendance is not possible, Directors will as appropriate seek leave of absence or tender an apology.
- (c) Directors will treat each other with professionalism, courtesy and respect. They will work cooperatively with fellow members towards agreed goals, whilst accepting the obligation to be independent in judgement and actions. Directors will not attempt to improperly influence other Board members.

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- (d) All Directors will strive to achieve consensus within the Board, but if the final position reached is a majority decision, that will be the decision of the Board. A dissenting Director may have his/her vote and/or a minority view recorded in the minutes.
- (e) Directors who may communicate publicly (through lectures or papers) material related to the Company's affairs will in general convey views agreed by the Board. If material beyond this is made public, it should be clearly identified as the view of the individual. Any views attributed publicly to the Board or the Company should be cleared in advance – preferably with the full Board, but at least with the Chairman, and announced (if necessary) to the ASX.

3 Conflict of Interest

- 3.1 Most Directors have other responsibilities or interests which may from time to time interact with the interests of the Company. This may create a situation of divided loyalties, or of temporary conflict of interest. (Selection process for Board appointees should avoid any permanent conflict of interest.)
- 3.2 The Board aspires to the highest standards of corporate governance, and applies rigorous procedures to deal with actual or potential conflict situations. These rely on the total acceptance by Directors of the obligation to declare an interest, and to isolate themselves from any activity in which they may have a conflict.
- 3.3 The procedures may be summarised as follows:
- (a) Directors will advise the Company Secretary promptly of any changes to relevant interests such as Directorships, partnerships and holdings in securities. The Company Secretary will inform all Board members and the regulatory authorities, if required. Board members will normally be advised at the next meeting, but more urgently if appropriate to the circumstances. Interests are confirmed annually in writing to the Company Secretary prior to inclusion in the Directors' Report.
- (b) If a situation of an actual or potential conflict should arise, the Director concerned will discuss the matter with the Chairman. The Director concerned will withdraw if requested while the Board discusses the potential conflict.
- (c) If it is decided that a conflict does exist, then depending on its assessed significance, the Director involved will be requested to take one of the following course of action (in order of increasing significance):
- refraining from voting on a relevant matter during a Board meeting;
 - withdrawing from discussion of relevant matter(s) during a Board meeting;
 - taking leave of absence from the Board for a period;
 - resigning from the Board.
- 3.4 In the particular case where the other members of the Board may decide that a Director or a related party may properly supply goods or services on commercially acceptable terms to

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the Company, details will be provided in the annual Directors' Report and notes to the Financial Statements.

4 Remuneration, Expenses and Other Benefits

4.1 Remuneration of non-executive Directors is from the Company's funds and is determined by the Board on an annual basis. Except as outlined in their letters of appointment, these Directors receive no other regular payments or allowances. Executive Directors receive no remuneration as a Director separate from their emoluments as an executive.

4.2 Directors may be reimbursed for out of pocket expenses properly incurred in relation to official business, or appropriate arrangements for travel etc may be made by the Company at its expense provided that proven receipts are tendered.

4.3 Directors are not to receive (or extend) gratuities or other monetary rewards; or gifts or entertainment which would cause embarrassment if publicly disclosed.

4.4 Procedures in this area are summarised below:

(a) Directors will not receive benefits of any kind other than remuneration determined by the Board.

(b) Directors will be reimbursed for out of pocket expenses properly incurred in relation to official business. Such expenditure should be approved retrospectively by the Chairman. Significant expenditure should be approved in advance.

(c) Any equipment made available to Directors must be properly operated and maintained and securely stored. It remains the property of the Company, and on expiry of the Director's appointment will be returned or purchased on commercial terms.

(d) Directors will not receive or extend gratuities or other monetary rewards. They will not extend or receive gifts or entertainment which would cause embarrassment if publicly disclosed.

5 Information and Records

5.1 The Company Secretary takes prime responsibility for proper recording of Board proceedings and related matters – including storage and handling of documents, tapes, discs, etc. However, Directors receive a good deal of information in various forms as a result of their Board roles, and accept responsibility for careful and secure stewardship – particularly in relation to confidential material.

5.2 Discretion is exercised in regard to information handled via facsimile or other electronic transmission devices, to ensure that this is not inadvertently made available to unauthorised parties.

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5.3 Former Directors have rights in obtaining access to Board records after their terms of appointment have concluded, which will be exercised by contact with the Company Secretary.

5.4 The obligations and procedures may be summarised as follows:

(a) Directors will cooperate fully with the Company Secretary in regard to Board records and information. Any such records retained by Board members will be stored with appropriate security. Material not required for retention will be passed to the Company Secretary or their secretary for disposal or shredding.

(b) Directors acknowledge that confidential information received in the course of exercise or Board duties remains the property of the originating organisation, whether this is the Company or another entity. It will not be disclosed unless either the originator has so authorised, or disclosure is required by law.

(c) Directors will generally exercise discretion in regard to all Board information which is not in the public domain.

(d) Former Directors can, if they so desire, exercise rights to access Board records, by contacting the Company Secretary.

6 Trading in Company Securities

6.1 Refer to the Company's Securities Trading Policy. In summary, Directors are permitted to trade in the securities of the Company provided there is no matter which is not disclosed to the ASX, which if disclosed would have a material impact to the Company's share price. Directors disposing of shares should contact the Chairman to ensure an orderly sale of the securities.

6.2 Following an announcement, a Director is not permitted to trade in shares until the market has been given an opportunity to review, which is taken to be 3 business days after the announcement. All share trading must be advised to the Company Secretary within 2 business days.

6.3 Officers should not participate in any options market in respect of the Company's shares nor should they "deal" or "trade" in the Company's shares.

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7 Guidelines for the Interpretation of Principles

7.1 The following guidelines are intended to assist Directors in complying with the core principles of the Code. They are not meant to be exhaustive and may be added to over time to address issues of importance as they arise.

7.2 Duties to the Company

- (a) Each Director should endeavour to ensure that the functions of the Board have been specified clearly, are properly understood and are competently discharged in the interests of the Company.
- (b) A Director should endeavour to ensure that the management of the Company is competent and is devoting its best endeavours in the interests of the Company.
- (c) In evaluating the interests of the Company, a Director should take into account the interests of the Shareholders as a whole, but where appropriate and/or required by law should take into account the interests of creditors and others.

7.3 Duties to Shareholders

- (a) Each Director should endeavour to ensure that the Company is financially viable, properly managed and constantly improved so as to protect and enhance the interests of the Shareholders.
- (b) A Director should seek to ensure that all Shareholders or classes of Shareholders are treated fairly according to their rights as between each other.
- (c) A Director should consider whether any benefit to be received by the Director or associated persons is of sufficient magnitude that the approval of Shareholders should be sought, even though not required by law.
- (d) A Director who is appointed to a Board at the instigation of a party with a substantial interest in the Company such as a major Shareholder or a creditor, should recognise the particular sensitivity of the position. Fiduciary duty requires the Director to make a contribution in the interests of the Company and the Shareholders as a whole and not only in the interest of the nominators.
- (e) Where obligations to other people or bodies preclude an independent position on an issue the Director should disclose the position and seriously consider whether to be absent or refrain from participating in the Board's consideration of the issue. Before taking the decision to be absent, a Director should consider whether that absence would deprive the Board of essential background or experience. The matter should be disclosed and resolved by the rest of the Board.

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7.4 Duties to Creditors

- (a) Whilst the obligations of a Director are primarily owed to the Company, there are situations in which it is necessary to evaluate the interests of creditors. This is particularly so where the Company's financial position is uncertain or where insolvency may be pending. In cases of doubt, a Director should, with some urgency, seek professional advice.

7.5 Duties to Other Stakeholders

- (a) All companies and their Directors must comply with the legal framework governing their operations and must be conscious of the impact of their business on society. Without limiting in any way the nature of the issues with which the Director must be concerned in the running of the business, particular attention should be paid to the environment, questions of occupational health and safety, industrial relations, equal opportunities for employees, the impact of competition and consumer protection rules, and other legislative initiatives that may rise from time to time. Although the Director owes a primary duty to Shareholders of the Company as a whole, the responsibilities imposed on companies and the Director under various acts of parliament clearly demand that the Director evaluate actions in a broader social context.

7.6 Due Diligence

- (a) A Director should attend all Board meetings but where attendance at meetings is not possible appropriate steps should be taken to obtain leave of absence.
- (b) A Director must acquire knowledge about the business of the Company, the statutory and regulatory requirements affecting Directors in the discharge of their duties to the Company, and be aware of the physical, political and social environment in which it operates.
- (c) In order to be fully effective, a Director should insist upon access to all relevant information to be considered by the Board. The information should be made available in sufficient time to allow proper consideration of all relevant issues. In the extreme circumstances where information is not provided the Director should make an appropriate protest about the failure on the part of the Company to provide the information and if there has not been the time necessary to consider the matter properly. Any abstention and the reasons for it, should be included in the minutes. It may also be appropriate to vote against the motion or move for deferment until proper information is available.

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- (d) A Director should endeavour to ensure that systems are established with the Company to provide the Board, on a regular and timely basis, with necessary data to enable them to make a reasoned judgment and so discharge their duties of care and diligence. An internal audit of systems supporting the Board should be conducted regularly.
- (e) A Director should endeavour to ensure that relations between the Board, the audit committee when established, and the auditors are open, unimpeded and constructive. Similarly, the auditors should have direct and unimpeded access to the Director. A Director should be satisfied that the scope of the audit is adequate and that it is carried out thoroughly and with the full cooperation of management.
- (f) A Director shall endeavour to ensure the Company complies with the law and strives for the highest standards of business and ethical conduct.
- (g) A Director shall endeavour to ensure the Company complies with the listing and business rules of the Australian Stock Exchange and in particular those rules relating to any benefits that may be received by a Director or an associated person from the Company by way of an issue of shares or any other transaction of a similar nature.
- (h) A Director from time to time may need expert advice (whether it be legal, financial or some other professional advice and whether it relates to fiduciary or other duties) in order to discharge duties properly. The Director should ensure, to the extent possible, that any advice obtained is independent of the Company. In that regard wherever necessary the services of advisers external to those advising the Company may need to be sought. In any case of doubt separate independent advice should always be sought by the Directors on matters that may impact on their position vis-à-vis the Company.
- (i) A Director must not take improper advantage of the position as Director to gain, directly or indirectly, a personal advantage or an advantage for any associated person or, which might cause detriment to the Company.
- (j) The personal interests of a Director, and those of family, must not be allowed to prevail over those of the Company's Shareholders generally. A Director should seek to avoid conflicts of interest wherever possible. Full disclosure of the conflict, or potential conflict, must be made to the Board. In considering the issues, account should be taken of the significance of the potential conflict for the Company and the possible consequences if it is not handled properly. Where a conflict does arise, a Director must consider whether to refrain from participating in the debate and/or voting on the matter, whether to be absent from discussion of the matter, whether to arrange that the relevant Board papers are not sent, or, in an extreme case, whether to resign from the Board. Where a Director chooses to be absent from the meeting, consideration would be given as to whether expertise that would be contributed by the Director is otherwise available. |

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- (k) An executive Director must always be alert to the potential for conflict of interest between management interests and the fiduciary duties as a Director.

- (l) Dealing in listed securities of the Company may give rise to dangers of breaching the duties of a Director and should be undertaken with care. A Director should not engage in the short term trading of the Company's listed securities. The Company's listed securities may be traded by Directors at any time, subject to the Company's Securities Trading Policy, applicable statutory regulations and after reference to the Company Secretary.

7.7 Use of Information

- (a) A Director must not make improper use of information acquired by virtue of the position as a Director. This prohibition applies irrespective of whether the Director would gain directly or indirectly a personal advantage or an advantage for any associated person or might cause detriment to the Company.

- (b) Matters such as trade secrets, processes, methods, advertising or promotional programs, sales and statistics affecting financial results are particularly sensitive and must not be disclosed.

- (c) A Director who takes the serious step of resignation on a point of principle should consider whether the reasons for resignation should be disclosed to Shareholders (perhaps through the stock exchange) or the appropriate regulator. In deciding whether or not to make public the reasons for resigning and composing any resignation statement, a Director should have regard to the following:
 - The duty not to disclose confidential information so as to damage the Company
 - The duty to act bona fide in the interests of the Company.

- (d) A Director who has been nominated to the Board by outside parties should recognise the particular sensitivity of the position and should be especially careful not to disclose confidential matters to the nominators unless the prior agreement of the Board has been obtained.

- (e) A Director must not buy or sell listed securities in the Company while in possession of information which, if disclosed publicly, would be likely materially to affect the price of the Company's listed securities.

- (f) A Director should ensure that any information which is not publicly available and which would have a material effect on the price or value of the Company's securities is not provided to anyone who may be influenced to subscribe, buy or sell shares. Such information includes, but is not limited to: profit forecasts; proposed share issues; borrowings; impending takeovers; impending litigation; significant changes in operations; new products; liquidity problems.

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- (g) Because the Company is listed on the stock exchange, a Director has a particular duty in this regard and should ensure that adequate and timely disclosure is made to the stock exchange.

7.8 Professional Integrity

- (a) An executive Director should recognise that the position occupied is particularly sensitive. A Director must be prepared, if necessary, to express disagreement with colleagues including the Managing Director. However, in the absence of a need to express disagreement, a Director should be prepared to implement the decisions of the Board and the instructions of the Managing Director as a loyal member of the Board.
- (b) If there is any doubt about whether a proposed course of action is inconsistent with a Director's fiduciary duties then the course of action should not be supported. Independent advice should be sought as soon as possible to clarify the issue.
- (c) When a Director feels so strongly as to be unable to acquiesce in a decision of the Board, some or all, of the following steps should be considered:
- Making the extent of the dissent and its possible consequences clear to the Board as a means of seeking to influence the decisions.
 - Asking for additional legal, accounting or other professional advice.
 - Asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion.
 - Tabling a statement of dissent and asking that it be minuted.
 - Writing to the Chairman, or all members of the Board, and asking that the letter be filed in the minutes.
 - If necessary, resign, and consider advising the appropriate regulator.
- (d) 'Opinion shopping' and the search for loopholes in the law is unacceptable.

7.9 Term of Office

- (a) A Director should, subject to circumstances prevailing at the time and the Company's ability to find a suitable replacement, aim to retire from the Board at:
- the conclusion of the annual general meeting occurring after the tenth (10th) anniversary of the Director's first appointment or election to the Board; or
 - The third anniversary date of appointment, or in accordance with the rotation requirements of under the Company's constitution, whichever occurs first.