

BENDIGO MINING LIMITED - CORPORATE GOVERNANCE POLICY

BOARD CHARTER

The Bendigo Mining Board Charter sets out the functions and responsibilities of the Board, along with certain matters relevant to the operation of the Board.

Composition

It is intended that the composition of the Board of the Company be determined using the following principles:

- The Board should comprise at least three Directors (or a number deemed by the Board to be suitable considering the scale of current and future Company activity) and in any event, the Board shall determine the number of Directors from time to time;
- The Chair of the Board must be a Non-Executive Director;
- The Board should comprise a majority of independent Non-Executive Directors; and
- The Board should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it onerous for them to fully discharge their responsibilities.

The Board of the Company is responsible for the appointment of Directors who bring a range of business skills and experience relevant to the Company.

Chairman

The Chairman of the Board should be an independent Director and should not be the Chief Executive Officer of the Company simultaneously. The Board of the day appoints the Chairman on the basis of the "most appropriate person" for the job. The Chairman's position will be reviewed and reconfirmed each year by the Board at the first meeting following the Annual General Meeting. In the Chairman's absence, the Board will nominate an independent non-executive Director to act as a Deputy Chairman when required.

The Chairman is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively, and for communicating the views of the Board to the public. In particular, the Chairman is required to:

- Approve the agenda for the matters to be considered at meetings of the Board;
- Manage the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting the Company's business operations, the Company's current financial position and performance, and any opportunities or challenges facing the Company; and
- Facilitate open and constructive communications between members of the Board and encourage their contribution to Board deliberations.

Functions and Responsibilities of the Board

The Board is responsible for all matters relating to the running of the Company. In discharging its responsibility for governing the Company, and balancing accountability with commercial risk-taking, the Board members will:

- Make business judgments in good faith and for a proper purpose; and
- Act with care and diligence by informing themselves about the subject matter of the judgment to the extent they reasonably believe appropriate; and
- Avoid conflicts of duty and interest in the subject matter of the judgement; and
- Reasonably believe that the judgement is in the best interests of the Company.

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary in order to carry out the objectives of the Company. The Board has the ultimate responsibility for the successful operation of the Company.

Without limiting the role of the Board, some specific principal functions and responsibilities include:

- Direct policies in regard to purpose and behaviour:
 - Approve strategic direction, corporate goal and mission;
 - Approve code of conduct and compliance policies and practices;
- Manage the Board process and delegations:
 - Manage appointments and succession of Directors;
 - Assign responsibilities of Directors and Board Committees;
 - Appoint and approve the terms and conditions of the appointment of the Managing Director & CEO;
 - Review and provide feedback on the performance of the Managing Director & CEO;
 - Endorse the terms and conditions of the appointment of senior executives through the Remuneration Committee;
 - Act as an interface between the Company and shareholders;
 - Evaluate the performance of the Board and Directors.
- Appraise business strategy and plans:
 - Review corporate goals and strategic plans;
 - Review risk management policies, practices and performance;
 - Approve annual budgets and ensure longer term forecasts are prepared in accordance with strategic objectives;
 - Approve all material transactions contemplated by the Company;
 - Review and report on the annual performance of the Company in meeting its business objectives.

Authority Delegated to Senior Management

The Board delegates to senior executive management the authority for day-to-day management of the Company and its operations. This delegation of authority includes responsibility for:

- Developing strategies, business plans and budgets for the Board's consideration and, to the extent approved by the Board, implementing these strategies, plans and budgets;
- Operating the Company's business within the parameters set by the Board and keeping the Board informed of material business developments;
- Identifying and managing key business risks;
- Managing the reporting and control mechanisms that ensure accurate reporting and control of relevant operating and financial data;
- Taking all reasonable steps to provide the Board with sufficient, accurate and timely Company information to enable the Board to make sound business judgements; and
- Implementing all policies, processes and codes of conduct approved by the Board.

Committees

The Board has authority to form Committees of the Board to assist in the efficient management of the Company. The Board delegates specific powers and functions to Committees on the basis that Committees are composed of a majority of independent, non-executive Directors with the necessary skills and experience to discharge delegated authority in a reliable and competent manner.

The Board is responsible for the exercise of the powers it has delegated to Committees as if the Board has exercised those powers itself. Committees are expected to consult with and provide recommendations to the full Board on all material decisions. The Chairman of each Committee is responsible for keeping the full Board informed of the activities of the Committee.

Currently there are three Committees of the Board:

- Audit & Risk Management Committee;
- Remuneration & Nomination Committee; and
- Health Safety, Environment & Security Committee,

- Other Committees may be established from time to time to deal with matters of special importance.

Independence

The Board considers that a Director is not regarded as independent if the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or within the last three years has been employed, in an executive capacity by the Company and there has not been a period of at least three years between ceasing such employment and serving on the board;
- has, within the last three years, been a principal of a material professional adviser or consultant to the Company or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or an officer of or otherwise associated with a material supplier or customer;
- has a material contractual relationship with the Company other than as a Director of the Company; and
- has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality

In considering materiality, the Board will consider quantitative and qualitative factors. It must also recognise that a number of individually immaterial relationships or factors can cumulate to become material.

With regards to quantitative factors, the Board will be guided by AASB 1031 which presumes a transaction to be immaterial if it is equal to or less than 5% of the relevant base amount (unless there is evidence or convincing argument to the contrary). Whereas it is presumed to be material if it is equal to or greater than 10% of the base amount (unless there is evidence or convincing argument to the contrary).

In determining qualitative factors, the Board will primarily consider whether or not the nature of the Director's interest would have the capacity to influence the vote of that Director upon the decision being made, bearing in mind that the conflict of interest must be of a real or substantial kind. Such considerations can focus on financial relationships (the level of financing of the business by a Director related entity) or supply relationships (the number, type, nature and extent of suppliers and Director relationships with those suppliers).

Conflicts of Duty and Interest

As a general principle, each Director must bring an enquiring, open and independent mind to Board meetings. In exercising sound business judgement, Board members need to identify circumstances where a Director has a conflict of duty or interest in the matter before the Board or Committee. A Director must not misuse the position or misuse information that belongs to the Company and which is in the hands of the Director, to the disadvantage of the Company or to the advantage of the Director and his or her associates.

If a Director believes, or the Board determines, that a Director might be in a position where there is a reasonable possibility of conflict, the Board will require that the Director to:

- Fully and frankly inform the Board about the circumstances giving rise to the conflict; and
- Abstain from voting on any motion relating to the matter and absenting himself or herself from all board deliberations relating to the matter including, if required by the Board given the particular circumstances, declining receipt of Board papers bearing on the matter.

If a Director believes that he or she may have a conflict of duty and interest in relation to a particular matter, the Director should immediately consult with the Chairman.

Review

The Board of the Company will regularly review the membership and charter of the Board to determine its adequacy for current circumstances and to determine that the Board's processes are adequate to ensure it is able to carry out its functions in the most effective manner.

Where necessary the Board may, by resolution, alter the charters of the Board and Committees or recognise changes required to the membership to the Board.