

BENDIGO MINING LIMITED - CORPORATE GOVERNANCE POLICY

AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

The Board of Bendigo Mining Limited has established an Audit & Risk Management Committee. The purpose and powers of the Committee are set out in this document.

1 Objective

The objective of the Committee is to review and make recommendations to the Board on matters relating to the financial statements, financial report and annual report; risk management systems; protection of the Company's capital; overseeing the Company's relationship with external auditors; and maintaining the independence of auditors. The Committee is also responsible for the review of performance and nomination of any external auditors.

2 Membership

It is the Board's intention that the Committee comprise at least three Non-Executive Directors, with a majority of members classed as independent Directors.

The Chair should be an independent Director and not concurrently be Board Chairman.

It is the Board's intention that all members of the Committee be financially literate and able to read and understand financial statements. It is intended that at least one Committee member must have experience in financial and accounting matters within the mining industry.

The Board may appoint or remove Committee members by Board resolution.

The auditor and other members of management may attend meetings of the Committee by invitation.

3 Administrative Matters

A quorum for a meeting of the Committee is two members. A decision is made by the Committee if it is supported by a majority of members present at the meeting.

It is intended that the Committee will normally meet twice yearly or as otherwise required.

The Committee meets and receives regular reports from the external auditors dealing with matters that arise in connection with their audits.

The Committee, after notifying the Board Chairman, may seek advice from the Company's auditors and or legal advisers or other independent advisers as deemed appropriate by the Committee.

Committee fees, as decided by resolution of the Board, may be paid to Committee members and the Committee Chairman as compensation for their participation and contribution.

All minutes of the Committee will be recorded and be available for inspection by any Director.

4 Reporting

It is intended that a report of the actions of the Committee and/or a copy of the minutes of Committee meetings will be included in the Board papers for the next Board meeting following a meeting of the Committee.

The Committee Chair will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information from members of the Committee.

5 Responsibilities and Functions

5.1 Overview

The Committee's key responsibilities and functions are to:

- oversee the Company's relationship with the external auditor and the external audit function generally;
- oversee the preparation of financial statements and reports;
- oversee the Company's financial controls and systems; and
- manage the process of identification and management of business, financial and commercial risks.

5.2 Audit

The Committee's specific function on audit is to review and report to the Board that:

- the system of control, which management has established, effectively safeguards the assets of the Company;
- accounting records are properly maintained in accordance with statutory requirements; and
- financial information provided to investors and the Board is accurate and reliable.

The following are intended to form part of the normal procedures for the Committee's audit responsibility:

- overseeing the Company's financial reporting and disclosure processes and the outputs of that process;
- determining the reliability and integrity of accounting policies and financial reporting and disclosure practices;
- monitoring compliance with applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- reviewing (in consultation with management and the external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports;
- periodic evaluation of the performance of the external auditors;
- reviewing, agreeing and approving the annual audit plan; and
- setting and overseeing the Company's policy on the provision of non-audit services by the external auditors.

5.3 Risk

The Committee's specific function with respect to risk management is to review and report to the Board that:

- the ongoing risk management program is aimed at identifying all areas of potential risk;
- adequate policies and procedures have been designed and implemented to manage all identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness.

The following are intended to form part of the normal procedures for the Committee's risk responsibility:

- monitoring financial and operational risks relevant to the Company's business activities and the management of those risks;
- reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Company's financial and operational risk management policies;
- overseeing the establishment and maintenance of processes to ensure that there is:
 - a procedure for identifying risks relevant to the Company's business and controlling their financial or other impacts on the Company;
 - an adequate system of internal control, management of business risks and safeguarding of assets; and
 - a system for reporting and investigating breaches of the Company's compliance and risk management procedures and policies.
- overseeing investigations of allegations of fraud or malfeasance; and
- reviewing and monitoring the propriety of related party transactions.

6 Relationship with the External Auditor

The Board has the ultimate responsibility and authority to select, evaluate and where appropriate, replace the external auditor in accordance with applicable Laws and Acts.

The Committee has the responsibility of:

- making recommendations to the Board for the appointment, remuneration and removal of the external auditor and agreeing to terms of engagement;
- monitoring the effectiveness and independence of the external auditor; and
- reviewing the Auditor's Report and discussing the auditor's findings with the external auditor.

7 Review

The Board will, periodically, review the membership and Charter of the Committee to determine its adequacy for current circumstances. Where necessary the Board may by resolution, alter the responsibilities, functions or membership of the Committee and revise the Charter of the Committee.