



LICENCE

TO OPERATE

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Health and Safety

Bendigo Mining is committed to operating in a safe and responsible manner, which respects the health of our employees, the environment and the communities in which we operate.

The total number of medically referred injuries for 2007/08 was 56% less than the previous year, however due to a significant reduction in total man hours worked, the injury frequency rates increased. The 2007/08 lost time injury frequency rate (LTIFR) was 15 and the medically referred injury frequency rate (MRIFR) was 26. The Company is committed to reducing injury rates.

A safety climate survey conducted during the year confirmed that a very positive safety culture exists within the organization, that employees believe the Company sets high safety standards and that safety is the Company's number one priority.

During the year, the Company reviewed its risk management program for major mining hazards including; water inrush, ground stability, underground fires, mobile equipment, handling of explosives and hazardous atmospheres.

The Mine Rescue Team has significantly increased its capability over the year through a range of training programs including search and rescue techniques, the use of both open and closed circuit breathing apparatus, fire fighting and rope rescue. The team operates key emergency response equipment, including an underground ambulance, an emergency egress crane and a fire rescue vehicle.

Environment

Bendigo Mining's operations are located within regrowth box-ironbark forest, agricultural farmland and the urban development of the City of Greater Bendigo. The Company is committed to minimising the impact of its operations on the environment and surrounding communities.

A comprehensive environmental monitoring program is in place which is focussed on collecting and assessing data associated with noise, air quality, vibration, odour, soil, groundwater, surface water and rehabilitation. The Company significantly improved its compliance with environmental targets over the year.

All results from the environmental monitoring program are independently audited and are reviewed by the regulatory authorities and community representatives through the Company's Environmental Review Committee.

Bendigo Mining is a signatory to Enduring Value – the Australian Minerals Industry Framework for Sustainable Development, and the Greenhouse Challenge Program. The Company also produces an annual Sustainability Report, detailing environmental performance and key health, safety, environment and community activities and initiatives. The report is available at the Company's web site: www.bendigomining.com.au under "Our Environment".

Community

The City of Greater Bendigo is a thriving rural city of approximately 100,000 people, some two hours by road from Melbourne, the capital of Victoria. The Company employs 100 people, mostly from within the region.

The Company engages openly and honestly with people affected by its operations, and takes their views and concerns into account in decision making. As operations are located close to a highly urbanised area, significant effort is made to secure community support for ongoing activities.

The Company conducts regular community attitude surveys to understand concerns about its operations and to assess the effectiveness of community affairs activities. The Company also conducts minerals education programs with local schools on topics such as geology, gold mining history, modern mining and environmental management.

Bendigo Mining has established a Community Advisory Board, which meets quarterly and is comprised of members of the community who provide the Company with feedback on views and concerns raised by the broader community.

The Company also runs two sponsorship programs for community based initiatives, namely the Environmental Fund and the Sponsorship Fund. Each of these funds is run by a separate committee which is managed by community members and Company representatives who assess applications.

Mining and mine development under the southern part of the City of Bendigo have occurred for about ten years. No significant issues have arisen. Some residents can occasionally hear sounds associated with underground mining, but at depths of more than 1000 metres beneath the city, the Company's activities tend to proceed largely unnoticed.



CORPORATE

GOVERNANCE STATEMENT

“The Company has made an early adoption of the 2nd Edition of the ASX Corporate Governance Council’s Principles and Recommendations.”

CORPORATE GOVERNANCE STATEMENT

A summary and discussion of the Company's Corporate Governance practices is set out below. The Company has made an early adoption of the 2nd Edition of the ASX Corporate Governance Council's Principles and Recommendations. The governance charters and policies are listed on the Company's website in "About Us – Corporate Governance" at www.bendigomining.com.au.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – Establish functions reserved for the Board and for Senior Management.

The Board has adopted a Charter which defines the framework of rules, systems and processes by which authority is exercised and controlled within the Company (the Charter is publicly available on the website). The expectations of Directors are outlined in a formal Letter of Appointment which details the term of appointment, fees, power and duties and other information pertinent to their roles.

Responsibility for the day-to-day management of the Company and its operations is delegated to senior executive management as defined in the Board Charter.

Recommendation 1.2 – Disclose the process for evaluation of senior executives.

The appraisal of senior executives assesses the achievement of the individual's stated objectives and the behaviour and attitude displayed in achieving those goals. Overall performance is ranked numerically by the senior executive's supervisor and is reviewed by the supervisor's direct report.

Recommendation 1.3 – Include all required information indicated in the Guide.

- (i) There are no departures from Recommendations 1.1, 1.2 or 1.3.
- (ii) Performance evaluations for senior management have taken place in the reporting period, as detailed in Recommendation 1.2.

Principle 2: Structure the Board to add value

Recommendation 2.1 – Majority of the Board should be independent directors.

The majority of the Board are independent Directors who provide an appropriate mix of business and specialist skills and qualifications.

In considering materiality, the Board considers quantitative and qualitative factors that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment. With regards to quantitative factors, the Board is 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. Whereas it is presumed to be material (unless evidenced to the contrary) if it is equal

to or greater than 10% of the base amount. The base amount may be any relevant number, such as market capitalisation, annual revenue or expenditure.

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 or supply relationships.

In accordance with this definition, the Board has four (P L McCarthy, R H Beevor, R A Guy, and D M Ransom) out of a total of five Directors who are deemed independent Directors.

Recommendation 2.2 – The Chairman should be an independent director.

The Chair, P L McCarthy, is considered by the Board to be an independent non-executive Director.

Recommendation 2.3 – The Chairman and the CEO should not be the same person.

The duties of Chairman and CEO are separated and each position is held by a different incumbent.

Recommendation 2.4 – Board should establish a nomination committee.

The Board has established a Remuneration & Nomination Committee. The Committee consists of three independent non-executive Directors: R A Guy (Chairman), R H Beevor and P L McCarthy. The qualifications of the Directors and the number of meetings held are detailed in the Directors' Report.

Recommendation 2.5- Disclose the process for evaluation of the Board.

The Board conducts an annual evaluation of its own performance, as-a-whole, and the performance of its committees. Performance is reviewed against a range of appropriate measures such as the Board's role in strategy and planning, corporate governance, effectiveness of meetings, effectiveness of management information, compliance, performance against stated objectives and behaviour and code of conduct. The objective of this evaluation is to provide best practice corporate governance to the Company.

Recommendation 2.6 - Include all required information indicated in the Guide.

- (i) Details of the skills, experience and expertise of each Director are detailed in the Directors' Report.
- (ii) The names of independent Directors and discussion of the materiality threshold is contained in Recommendation 2.1.

CORPORATE GOVERNANCE STATEMENT CONTINUED

(iii) The Board has considered the various relationships between Directors and the Company which may affect independence. There are no relationships which affect the independent judgement of non-executive Directors.

(iv) Circumstances may arise where Directors need professional advice in the furtherance of their duties. There are procedures in place, agreed by the Chairman, for Directors to seek independent professional advice at the Company's expense.

(v) The term in office held by each Director at the date of this report is as follows: P L McCarthy three years eleven months, R H Beevor five years nine months, R A Guy three years seven months, D M Ransom nine months and R J Hanson one year eight months.

(vi) The names of members of the Remuneration & Nomination Committee are included in Recommendation 2.4.

(vii) The Board performance evaluation is discussed in Recommendation 2.5.

(viii) There are no departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1 – Establish and disclose a code of conduct.

Management has established a Value and Code of Conduct Policy which has been endorsed by the Board. All new employees and Directors are required to formally adopt the Company's Values and Code of Conduct as a pre-condition of employment or appointment.

Recommendation 3.2 – Establish and disclose a policy on share trading.

A Share Trading Policy is in place which restricts trading in Company securities by Directors, employees, contractors and advisors.

Recommendation 3.3 - Include all required information indicated in the Guide.

(i) There are no departures from Recommendations 3.1, 3.2 or 3.3.

(i) The Values and Code of Conduct Policy is publicly available on the Company's website.

(ii) The Share Trading Policy is publicly available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1 – The Board should establish an audit committee.

The Board has established and operates an Audit & Risk Management Committee.

The committee comprises three independent non-executive Directors: R H Beevor (Chairman), R A Guy and D M Ransom. The Committee's key responsibilities are to supervise the audit function; oversee the preparation of financial statements; and ensure management has designed and implemented an appropriate risk management and internal control system to manage the Company's material financial and commercial risks.

Recommendation 4.2 – Structure the Audit Committee to consist of independent directors.

The Audit & Risk Management Committee consists only of independent non-executive Directors (see Recommendation 4.1 for details of membership). The Chairman is an independent Director and is not the Chairman of the Board. The Committee has three members with a quorum of two.

Recommendation 4.3 – Audit committee should have a formal charter.

The Audit & Risk Management Committee has a formal Charter which defines the objectives of the Committee, membership, responsibilities and functions and relationship with the external auditor.

Recommendation 4.4 - Include all required information indicated in the Guide.

(i) The members of the Audit & Risk Management Committee are listed in Recommendation 4.1. The details of the skills and experience of each member and their attendance at meetings is contained in the Directors' Report.

(ii) The number of Audit & Risk Management Committee meetings held is contained in the Directors' Report.

(iii) There are no departures from Recommendations 4.1, 4.2, 4.3 or 4.4.

(iv) The Audit & Risk Management Committee Charter is publicly available on the Company's website.

(v) Procedures on selection and appointment of external auditor and rotation of the external audit engagement partners are publicly disclosed in the External Auditor Policy on the Company's website.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – Establish a policy on ASX Listing Rule disclosure requirements.

Bendigo Mining is committed to providing relevant up to date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under ASX Listing Rules and the Corporations Act. The Company has established a Continuous Disclosure Policy that ensures information considered material is immediately lodged with ASX.

Recommendation 5.2 – Include all required information indicated in the Guide.

- (i) There are no departures from Recommendations 5.1 or 5.2.
- (ii) The Continuous Disclosure Policy is publicly available on the Company's website.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 - Design a communication policy for promoting effective communication.

The Company has established an Investor Communication Policy which outlines the activities undertaken to ensure shareholders are provided with relevant and timely information. Information is communicated to investors through the Company's quarterly and annual reports, half-year and full year results, announcements, formal ASX disclosures, and the Annual General Meeting. The Company maintains a detailed website which contains significant current and historical information. An email-based mailing list subscription service is offered on the website to interested parties who would like to receive notification of ASX releases. Shareholders are also encouraged to attend the Annual General Meeting and use the opportunity to ask questions of Directors and Management. The external auditor attends the meeting and is available to answer relevant questions.

Recommendation 6.2 - Include all required information indicated in the Guide.

- (i) There are no departures from Recommendations 6.1 or 6.2.
- (ii) The Communication Policy is publicly available on the Company's website.

Principle 7: Recognise and manage risk

Recommendation 7.1 – Establish policies for risk oversight and management.

The Company has developed a Risk Management Policy which details the Company's attitude to risk and risk management. The oversight of financial and commercial risk is predominantly the domain of the Audit & Risk Management Committee. The oversight of health, safety and environment risk is the domain of the Health, Safety, Environment & Security Committee. This Committee consists of P L McCarthy (Chairman), R H Beevor, R A Guy and D M Ransom. The Committee reviews the Company's performance against a range of safety and environment targets. Particular attention is applied to assessing key risks, including water inrush, geotechnical conditions, fire, site security and licence to operate. Audits of the Company's compliance with key Health, Safety and Environment legislation are conducted.

The link between the two committees is maintained by ensuring that the Chairman of the Audit and Risk Management Committee is also a member of the Health, Safety, Environment & Security Committee.

Recommendation 7.2 – Management is required to design and implement risk management.

The Board has responsibility for assessing the effectiveness of the Company's risk management system for mitigation of material business risk. The Board requests an annual sign-off from the Managing Director & CEO and the Chief Financial Officer & Company Secretary to confirm that they have established and maintained an adequate risk management and internal control system to manage the Company's material business risks; and that material risks are being managed appropriately. This sign-off prompts a thorough annual review of the risk management and internal control system.

Recommendation 7.3 – Management to assure integrity of financial reports to the Board.

Written declarations are provided each year by the Managing Director & CEO and the Chief Financial Officer & Company Secretary to the Board, stating that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risk.

Recommendation 7.4 - Include all required information indicated in the Guide.

- (i) There are no departures from Recommendations 7.1, 7.2, 7.3 or 7.4.
- (ii) The Board has received written declarations under Recommendation 7.2.
- (iii) The Board has received written declarations under Recommendation 7.3.
- (iv) The Risk Management Policy is publicly available on the Company website.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – Board should establish a remuneration committee.

The Board has established a Remuneration & Nomination Committee. The Committee consists of three independent non-executive Directors: R A Guy (Chairman), R H Beevor and P L McCarthy. In relation to its remuneration responsibilities, the Committee reviews and makes recommendations to the Board on remuneration and performance frameworks involving employees and Directors which support the achievement of short and long term business goals. The Committee establishes criteria for remuneration arrangements for senior executives including the Managing Director and reviewing and approving the general remuneration framework for all other employees. Further details are contained in the Remuneration Report.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Recommendation 8.2 – The structure of non-executive directors' remuneration should be clearly distinguished from executive directors and management.

Non-executive Directors are remunerated differently to executive Directors and management. In particular, non-executive Directors do not participate in any equity-based remuneration schemes in which executive Directors or management may be entitled to participate.

The total annual remuneration paid to Non-executive Directors may not exceed the limit set by the shareholders at an annual general meeting (currently \$500,000).

The remuneration of Non-executive Directors comprises fixed Board and Committee fees, plus statutory superannuation payments.

The remuneration of executive Directors, executive officers and key management personnel of the Company consist of fixed and variable remuneration. Further details on remuneration are set out in the Remuneration Report.

Recommendation 8.3 – Include all required information indicated in the Guide.

- (i) The members of the Remuneration & Nomination Committee are included in Recommendation 8.1, and their attendance at meetings is contained in the Directors' Report.
- (ii) There are no schemes for retirement benefits of non-executive Directors, other than statutory superannuation.
- (iii) There are no departures from Recommendations 8.1, 8.2 or 8.3.
- (iv) The Remuneration & Nomination Committee Charter is publicly available on the Company website.
- (v) Employees who receive share rights or options as part of their remuneration must not dispose of, grant any security interest over, or otherwise deal with them so as to limit any exposure to losses that would result from share price decreases.

MANAGEMENT TEAM

Rod Hanson

BE (Min) (Hons), MBA, FAusIMM, MAICD

Managing Director and Chief Executive Officer

Rod is a mining engineer with more than 35 years experience in gold and base metals. Roles have included General Manager Operations with Plutonic Resources and General Manager with Sino Gold. He joined Bendigo Mining in January 2005 and was appointed to the position of Managing Director and Chief Executive Officer in January 2007.

Tim Churcher

BSc, MSc, DIC, MBA (Cranfield, UK), MAusIMM

Chief Financial Officer and Company Secretary

Tim has 21 years experience in the resource and finance sectors. For the past 15 years he has operated in the finance sector; as a financial analyst in London and in Australia for JB Were & Son Limited and private equity investment with Renaissance Capital Limited. He joined the Company in January 2005 and was appointed Chief Financial Officer in January 2007.

Richard Buerger

BSc (Hons), MAusIMM

Geology Manager

Richard has over 10 years experience in exploration and mine geology in a wide range of commodities. He has worked in exploration for epithermal gold at Pajingo and for VHMS deposits at Golden Grove. His role before joining Bendigo Mining was Geologist in charge of the Maggie Hays Nickel sulphide deposit at Lionore's (now Norilsk) Lake Johnston Operations. He joined the Company in July 2005 as a Senior Exploration Geologist and was appointed to Geology Manager in January 2007.

Lance Faulkner

BE (Min) (Hons)

Operations Manager

Lance has 25 years experience in the mining industry, with the last 14 years holding senior management positions with operational and statutory responsibility. His varied mining experience includes hard rock open pit, mineral sands, consulting and extensive underground experience in both highly mechanised metalliferous and narrow vein gold mines. He joined Bendigo Mining in late 2005 as Mine Superintendent and was appointed Operations Manager in early 2007.

Rod Lester

BBus, CPA

Finance and Administration Manager

Rod has more than 24 years experience in manufacturing, local government, mining finance and management roles. He held various roles with Gillies Food Industries and Ridley Corporation. He held the position of CEO with the Shire of McIvor for two years. He has held various management accounting and manager roles since joining Bendigo Mining in 1999.

Andrew Mattiske

BE (Chem) (Hons)

Health, Safety and Environment Manager

Andrew has a degree in Chemical Engineering and 16 years experience in mining and smelting operations in Australia and the Netherlands. He has a broad range of experience in the management of Health, Safety and Environmental management systems, operations management and metallurgical projects. He joined Bendigo Mining in October 2005.

From left to right:
Tim Churcher,
Rod Lester,
Lance Faulkner,
Andrew Mattiske,
Richard Buerger and
Rod Hanson.

