

**BEACON MINERALS LIMITED**

# **CORPORATE GOVERNANCE MANUAL**

July 2009

## **CORPORATE GOVERNANCE MANUAL**

**Attachments:** Directors' Code of Conduct  
Constitution  
Code of Conduct  
Continuous Disclosure Policy  
BML Securities Trading Policy

The Board of Directors accepts the responsibility for the overall corporate governance of Beacon Minerals Limited (BML).

The Board will ensure the interests of BML's shareholders are primary and also take into account the interests of its employees, customers, suppliers, lenders and the wider community.

The Board is responsible for setting the strategic directions for BML, establishing and reviewing policies and goals for management and monitoring the achievement of these goals and policies. The Managing Director is responsible to the Board for the day-to-day management of the Company and reporting progress and issues to the Board.

The Board's responsibilities and duties include the following:

- Appointing the Managing Director;
- Determining the strategic direction of BML as an outcome of executive management recommendations and measuring performance against approved strategies;
- Adopting operating budgets at the commencement of each financial year and monitoring progress on a regular basis against budget by both financial and non-financial key performance indicators;
- Monitoring and overseeing BML's financial position and risk management priorities;
- Evaluating the performance of the Managing Director and determining remuneration;
- Determining that satisfactory arrangements are in place for auditing BML's financial affairs; and
- Ensuring that policies and compliance systems consistent with BML's objectives and industry best practice are in place and providing the necessary framework for BML and its officers to act legally, ethically and responsibly on all matters.
- Ensuring a reasonable view of all stakeholders is taken into account.

Under the Constitution, the minimum number of directors is three (3). BML currently has three (3) directors, including one (1) executive director and two (2) non-executive directors. The Constitution also requires that at each annual general meeting, one third of the directors must resign with those directors who have served the longest being subject to rotation first (note. there is a rotation exemption for the Managing Director). Additionally, pursuant to the Constitution, any new director appointed by the Board within a year must retire at the next AGM to be then offered for re-election under an ordinary resolution.

### **Meetings**

The Directors will hold regular Board meetings and at least one Board meeting will be held each quarter.

## **Board Committees**

The Company does not have an Audit, Remuneration or Nomination Committee of the Board of Directors. The full Board of Directors undertake the role of these individual committees. Given the composition of the Board and the size of the Company, it is felt that individual committees are not yet warranted, however it is expected that as the Company's operations expand that each of these committees will be established.

## **Board Composition**

The Company has recognised the importance of having a balanced Board comprised of directors with an appropriate range of backgrounds, skills and experience.

If the Company has more than one non-executive director, the non-executive directors will meet on their own at least once annually to assess the performance of the Board.

## **Independent Professional Advice**

After prior approval of the Chairman, directors may obtain independent professional advice at the expense of the Company on matters arising in the course of their Board duties.

## **Ethics**

It is the policy of BML that all Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of BML.

## **Other Directorships**

Directors are required continually to evaluate the number of Boards on which they serve to ensure that each can be given the time and attention required properly to satisfy duties and responsibilities. Directors are required to notify the Chairman in writing prior to accepting an invitation to become a Director of any corporation, listed or otherwise. Executive directors may not accept appointment to the Board of any corporation outside BML without prior approval of the board.

## **Risk Management**

The Company has in place a framework to safeguard Company assets and ensure that business risks are identified and properly managed. The Company has in place a number of risk management controls which include the following:

- Guidelines and limits for the approval of capital expenditure and investments; and
- A comprehensive insurance programme including external risk management surveys.
- A delegation framework for the Managing Director and senior management.
- Authorisation procedures for the payment of operating costs.
- Annual audit of the company's Financial Statements and an audit review of the half year Financial Statements.

Management is required to provide to the Board regular reports on all these matters.

## **Role of Shareholders**

The shareholders of the Company play an important role in corporate governance by virtue of their responsibilities for voting on the appointment of directors.

The Board ensures that shareholders are kept fully informed on developments affecting the Company through:

- The Annual Report distributed to shareholders;
- Compliance with Australian Stock Exchange's continuous disclosure requirements (and subsequent shareholder announcements); and

The annual general meeting and other meetings called to obtain approval for Board action.