



CORPORATE GOVERNANCE

BOARD CHARTER

The board of directors of Cleveland Mining Limited is responsible for the corporate governance of the Company and is committed to applying ASX Corporate Governance Council's 'Principles of Good Corporate Governance and Best Practice Recommendations' on the basis of expectations to list the Company on ASX. The Board will guide and monitor the business and affairs of Cleveland Mining Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. It is a requirement of the board that the Company maintains at all times the highest standards of ethics and integrity.

Composition of the Board

The composition of the board is determined in accordance with the following principles and guidelines:

- the board should comprise at least three directors;
- the board should comprise directors with an appropriate range of qualifications and expertise; and
- the board shall meet regularly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The directors in office are:

Mr D Bailey	Non-Executive Chairman
Mr David Mendelawitz	Managing Director
Mr A Finlay	Finance Director
Mr J Williams	Non-Executive Director

Board Responsibilities

As the board acts on behalf of and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge those responsibilities in a number of ways.

The responsibility for the operation and administration of the consolidated entity is delegated by the board to the managing director. The board ensures that the managing director is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the managing director.

The board is responsible for ensuring the management's objectives and activities are aligned with the expectations and risks identified by the board. The board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- oversight of the company, including its control and accountability systems;
- appointing and removing the chief executive officer (or equivalent);
- ratifying the appointment and, where appropriate, the removal of the chief financial officer (or equivalent) and the company secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- monitoring compliance of tax processes.

To assist in the board's responsibilities a nomination, remuneration and audit committee have been established.

Nomination Committee

The board will in due course establish a nomination committee to assist the board in selecting candidates for the position of director. The nomination committee is expected to comprise two directors and operate under a board approved terms of reference.

Remuneration Committee

The board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and the executive team. The board will in due course establish a remuneration committee, comprising two directors and operating under a board approved terms of reference.

Audit Committee

The board will in due course establish an audit committee, to operate under a board approved terms of reference. It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The board will delegate the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the audit committee.

The audit committee will also be expected to provide the board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.

The audit committee will be responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory audit or review.

Board Members Rights to Independent Advice

The board has procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense.

Independent Non-Executive Directors

Independent Non-Executive Directors of the Company are required to meet on a regular basis independently from the Board and at which only independent directors are present.

Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually by the chairperson.

The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. The directors have also established a communication strategy policy.