



Victorian Gold Mines N.L  
ACN 139 255 771 ABN 82 139 255 771  
PO Box 1075 Bendigo Central Victoria 3552  
Phone: 03 5441 5678  
Fax: 03 5442 5038  
Email [generaladmin@victoriangoldmines.com.au](mailto:generaladmin@victoriangoldmines.com.au)

15 December 2009

Ms Kate Kidson  
Principle Advisor  
ASX Markets Supervision Pty Ltd  
Level 45, South Tower  
525 Collins Street  
Melbourne VIC 3000

Dear Ms Kidson,

*ASX Guidelines on Corporate Governance*

As required by ASX under the ASX conditions of quotation, Victorian Gold Mines NL (**Company**) advises as follows with respect to its compliance with the best practice recommendations set by the ASX Corporate Governance Council.

*ASX Corporate Governance*

To further enhance ASX listed entities' disclosure of corporate governance issues, the ASX Corporate Governance Council (**CGC**) was established on 1 August 2002. The CGC was established for the purpose of creating an agreed set of corporate governance standards of best practice for Australian listed entities.

The CGC has released its *Corporate Governance Principles and Recommendations (ASX Guidelines)* which will apply to the Company's financial statements upon listing on ASX. The ASX Guidelines articulate eight core principles that CGC believes underlie good corporate governance. The ASX Guidelines provide that a listed entity's Annual Report is required to disclose its main corporate governance practices and also the extent to which the entity complies with the ASX Guidelines and where it does not, to explain why.

The Company has adopted a Corporate Governance Charter dated 3 November 2009 in order to implement and maintain a culture of good corporate governance both internally and in its external dealings. In adopting the Corporate Governance Charter, the Board has considered the ASX Guidelines.

The information below sets out where the Company has departed from the ASX Guidelines and reasons for such departure. Where the Company's corporate governance practices depart from the ASX Guidelines, the Company intends to work towards compliance, but does not currently consider that the relevant practices are appropriate for the Company, given its size and the scale of its operations.

The Board is of the view that except as set out below, the Company complies with the ASX Guidelines.



Victorian Gold Mines N.L  
 ACN 139 255 771 ABN 82 139 255 771  
 PO Box 1075 Bendigo Central Victoria 3552  
 Phone: 03 5441 5678  
 Fax: 03 5442 5038  
 Email [generaladmin@victoriangoldmines.com.au](mailto:generaladmin@victoriangoldmines.com.au)

ASX Guideline	Summary of Company's position
<b>Principle 1 – Lay solid foundations for management and oversight</b>	
<p>Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives</p>	<p>The Board's view is that the Company is not presently of a size to justify the formation of a separate Nominations Committee. The Nominations Committee is constituted by the full Board. As a result, the full Board is responsible for the proper oversight of the Board, the Directors and senior management. The Board considers that, given its size, no efficiencies or other benefits would be obtained by establishing a discrete Nominations Committee at this time.</p> <p>The Board has established a Remuneration Committee. The Remuneration Committee is charged with making recommendations regarding all aspects of executive and non-executive director and management remuneration packages. The Committee is constituted by the full Board.</p>
<b>Principle Two – Structure Board to Add Value</b>	
<p>Recommendation 2.1 – A majority of the Board should be independent directors.</p> <p>Recommendation 2.2: The chair should be an independent director.</p> <p>Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual</p> <p>Recommendation 2.4 – The Board should establish a Nominations Committee</p>	<p>The Board comprises three directors, one of whom is a non-executive director. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.</p> <p>The Chairman is not an independent director. The Board's view is that the Company is not presently of a size to justify appointment of an independent director.</p> <p>There is no chief executive officer of the Company.</p> <p>The Board's view is that the Company is not presently of a size to justify the formation of a separate Nominations Committee. The Full Board currently performs the functions of a Nominations Committee and where necessary, will seek the advice of external advisors in relation to this function. When the Company reaches a size and scale justifying it, the Board will establish a Nominations Committee to assist the Board in relation to the appointment of Directors and senior management.</p>



Victorian Gold Mines N.L  
 ACN 139 255 771 ABN 82 139 255 771  
 PO Box 1075 Bendigo Central Victoria 3552  
 Phone: 03 5441 5678  
 Fax: 03 5442 5038  
 Email [generaladmin@victoriangoldmines.com.au](mailto:generaladmin@victoriangoldmines.com.au)

ASX Guideline	Summary of Company's position
<p>Recommendation 2.5 – Companies should disclose the process for evaluation the performance of the Board, its committees and individual directors.</p>	<p>The Board is responsible for conducting an annual review of the Board and individual Director performance. The performance of individual Directors (including the Chairperson) and key executives is reviewed by all other Directors.</p>
<p>Principle 4 – Safeguard Integrity in Financial Reporting</p>	
<p>Recommendations 4.1 – 4.4 the Board should establish an Audit Committee</p>	<p>The Board's view is that the Company is not presently of a size and its operations are not of a sufficient scale to justify the formation of a discrete Audit Committee. The full Board currently performs the functions of an Audit Committee, including liaising with the Company's external auditors. When the Company reaches a size and scale justifying it, the Board will establish an Audit Committee to assist the Board in continuing to guarantee the integrity of the Company's financial reporting. The Board has adopted and Audit and Risk Management Committee Charter.</p>

Yours sincerely

Michael Trifunovic  
**Company Secretary**