

## CORPORATE GOVERNANCE STATEMENT

The Company's main corporate governance practices are set out below. These practices are generally in line with the ASX Corporate Governance Council's Recommendations dated August 2007 ("Recommendations"), adopted early by the Company, with two exceptions noted in italics. Further information is available in the Corporate Governance section of the Company's website [www.goldencross.com.au](http://www.goldencross.com.au)

### THE BOARD OF DIRECTORS

The Board takes ultimate responsibility for corporate governance and operates in accordance with the following principles:

- the Board comprises a minimum of four Directors (and since 13 January 2009 has comprised six Directors);
- at least one half of the Board should be Non-executive Directors;
- the Chairman should be an independent Non-executive Director elected by the full Board; and
- the Board should comprise Directors with a broad range of skills and experience relevant to the business of the Company.

The Board Charter is available on the Company's website. The Board considers that its composition provides for the timely and efficient decision-making required by the Company in its present circumstances.

*The Company does not comply with Recommendation 2.1, which recommends that a majority of the Board should be independent Directors. The only two independent Directors are Chris Torrey and David Timms, in respect of whom more than three years have elapsed since their cessation of employment in February 2006. Three of the six directors (including two of the four Non-executive Directors) were nominated by HQ Mining Resources Holding Pty Ltd, the largest shareholder in the Company.*

Relevant skills and experience of Directors are set out in the Directors' Report and in the Corporate section of the Company's website. Directors' performance is subject to review by the Chairman.

### AUDIT COMMITTEE

Since 13 January 2009, the Audit Committee has comprised two Directors, Chris Torrey and Xun (Suzanne) Qiu, and Board advisor Kerry McHugh. Mr McHugh's membership allows the Company to comply with Recommendation 4.2, which recommends that an audit committee have at least three members. Mr Torrey, the Chairman of the Board, is also Chairman of the Audit Committee. Committee meeting attendances are disclosed in the Director's Report.

The purpose of the Audit Committee, as set out in the Charter posted on the website, is to:

- review and report to the Board on the Company's annual report and financial statements
- provide assurance to the Board that it is receiving adequate, up to date, and reliable information
- assist the Board in reviewing the effectiveness of the Company's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting, and
  - compliance with applicable laws and regulations

The Audit Committee is also charged with the responsibility of recommending to the Board the appointment, removal and remuneration of the auditors, and reviewing the terms of their engagement, and the scope and quality of the audit. Details of the procedures for the selection and appointment of the auditors, and for the rotation of the audit engagement partners, are posted on the website.

In fulfilling its responsibilities, the Committee meets with the auditors at least twice each year and receives reports from management and the auditors. The auditors may communicate directly with the Chairman of the Audit Committee and Board. The auditor attends annual general meetings of the Company to answer questions about the audit.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party, and to obtain external legal or other independent professional advice. The Committee also requires the CEO and CFO to sign off on the Company's

financial reports and the soundness of the Company's risk management and internal compliance and control systems.

The Committee reports to the full Board after each Committee meeting. Audit Committee minutes are provided to all Directors.

#### **REMUNERATION COMMITTEE**

Since 13 January 2009, the Remuneration Committee has comprised Chris Torrey, Xun (Suzanne) Qiu, and David Timms. Mr Torrey, the Chairman of the Board, is also Chairman of the Remuneration Committee. Committee meeting attendances are disclosed in the Director's Report.

Company officers and directors are remunerated to a level consistent with the size of the Company. The Golden Cross Employee Share Acquisition Scheme and Employee Option Plan, approved by shareholders in 2005 and 2006 respectively, assist with motivating and retaining Company employees. (Directors withdrew the motion to renew the Golden Cross Employee Share Acquisition Scheme from the 2008 annual general meeting on 15 October 2008 so there will be no further share issues under that scheme.) Non-executive Directors receive a director's fee and could participate in both the Scheme and the Plan.

The Remuneration Committee Charter is available on the Company's website. The Committee reports to the full Board after each Committee meeting and Remuneration Committee minutes are provided to all Directors.

#### **NOMINATION POLICY**

*The Company does not comply with Recommendation 2.4*, as the Board believes that a Nomination Committee is not warranted by a company the size of Golden Cross. In effect, the full Board acts as the Nomination Committee, subject to the terms and intent of the subscription agreement between the Company and HQ Mining Resources Holding Pty Ltd dated 22 December 2008. The Board's Nomination Policy is posted on the Company's website.

#### **RISK MANAGEMENT**

The Company has established a Risk Management Policy, which is posted on the Company's website. Management reports regularly to the Board on its management of material business risks.

The Board has received assurance from the CEO and CFO that the declaration for the financial report, provided in accordance with section 295A of the *Corporations Act*, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

#### **CONTINUOUS DISCLOSURE POLICY**

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. The Company's Continuous Disclosure Policy is posted on the website.

All information disclosed to ASX is immediately posted on the website and emailed to those parties who have supplied their email addresses. When analysts are briefed on aspects of the Company's operations, the material to be used in the presentation is released to ASX and posted on the Company's website.

#### **COMMUNICATIONS POLICY**

The Company's Communications Policy is posted on the Company's website.

#### **SECURITIES TRANSACTION RULES**

The Company has in place written Securities Transaction Rules. They bind Directors, officers and employees of the Company and prohibit trading in the Company's securities of anyone in possession of price-sensitive information. They may only trade in the Company's securities or securities of the Company's joint venture partners after notifying the Chairman, Managing Director, or Company Secretary respectively of their intentions to trade. The Securities Transaction Rules are posted on the Company's website.

#### **CORPORATE CONDUCT**

The Board has adopted policies on Ethics, Safety & Health, and the Environment. These policies seek to foster high standards of conduct and integrity among employees, officers, and directors. The policies are posted on the Company's website.

## **INDEPENDENT PROFESSIONAL ADVICE**

Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The Company will only meet that expense if they obtain the advice after obtaining the Chairman's prior written approval, which will not be unreasonably withheld.