

CORPORATE GOVERNANCE STATEMENT

The following statement outlines the principal corporate governance practices and procedures that were in place throughout the financial year and the extent to which they depart from the best practice recommendations of the ASX Corporate Governance Council released on 31 March 2003.

Roles of the board and management

The board is responsible for establishing the strategy and policies of the Company, overseeing its financial position, approving major capital expenditures and exploration programs and expenditures. The board is also responsible for the appointment and supervision of the chief executive and secretary of the Company, and monitoring the corporate conduct of its officers.

The board has delegated responsibility for the day-to-day operations of the Company to the Director Operations, Mr J.M.E. Percival and the Manager Exploration, Mr T.A. Leahey. The board has determined that they are appropriately qualified and experienced to discharge their respective responsibilities.

Whilst there is a clear distinction between the respective roles of the board and management, the board is responsible for ensuring that the objectives and activities of management are consistent with the strategies and policies set by the board.

The board meets monthly and directors receive comprehensive board papers which include a monthly activity report from management and monthly management accounts. All contractual commitments and payments are approved by the board. The Exploration Manager attends board meetings during consideration of the monthly activity report.

At meetings of the board the directors deal with various policy and corporate governance matters, including:-

- formulating and reviewing Company strategies and board policies;
- monitoring implementation of Company strategies by management, and ensuring appropriate resources are available to undertake those strategies;
- ensuring appropriate management control and accountability systems are in place;
- reviewing executive performance and remuneration;
- reviewing the composition of the board;
- ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act;
- reviewing published reports and stock exchange announcements to ensure their accuracy and compliance with statutory requirements;
- identification of areas of significant business risk and the management of those risks; and
- the establishment and maintenance of appropriate ethical standards for the Company, its directors and executives.

A formal board charter and statement of authorities delegated to management, based on the above, is in the process of being drafted and approved, following which it will be posted on the Company web site under the Corporate Governance section.

Structure of the board of directors

The directors of the Company in office at the date of this statement are:

- Mr J. Landerer, CBE AM (non-executive chairman)
- Mr J.M.E. Percival (executive director operations)
- Mr A.G. Harris (non-executive director)
- Mr R.B. Leece, AM RFD (non-executive director)
- Mr T.V. Willsted (non-executive director)

The skills and experience of each director is set out in the accompanying directors' report.

As noted above, four of the five directors are non-executive, including the chairman, and the roles of chairman and chief executive are not exercised by the same individual.

The board has considered the independence of each of the directors and has determined that all four non-executive directors, including the chairman, are independent. In doing so they considered the level of fees paid to the Company's solicitors Landerer & Company, of which the chairman is a principal, and formed the view that the level of fees paid are not material for the purposes of influencing the independence of the chairman.

The composition of the board is determined by all directors using the following principles which accord with the ASX Corporate Governance Council recommendations:

- A majority of the board should be independent directors;
- The chairman should be an independent director; and
- The roles of chairman and chief executive should not be exercised by the same individual;
- The board should comprise a majority of non-executive independent directors.

Because of the relatively small size of the Company and its operations, the board does not consider it appropriate, at this time, to form a separate committee to deal with nomination of directors.

When a vacancy exists on the board or where it is considered that a director with particular skills or experience is required, the board selects a panel of candidates with the appropriate expertise and experience from which the most suitable candidate is appointed on merit.

Individual directors are able to seek independent professional advice, at the Company's expense, on matters relevant to their role as a director. This is subject to the prior approval of the chairman, which may not be unreasonably withheld, and the other directors being given a copy of such advice.

Non-executive directors are appointed for an indefinite term subject to the constitution of the Company which provides for regular retirement by rotation and provides that no director (except a Managing Director) shall hold office for more than 3 years, or until the third annual general meeting following the director's appointment without submitting himself for re-election. The dates on which each director was appointed and last re-elected are as follows:

| <u>Director</u> | <u>Appointed</u> | <u>Last re-elected</u> |
|-------------------------|------------------|------------------------|
| Mr J. Landerer, CBE AM | 11 October 1995 | 28 November 2002 |
| Mr J.M.E. Percival | 11 October 1995 | 20 November 2003 |
| Mr A.G. Harris | 11 October 1995 | 28 November 2002 |
| Mr R.B. Leece, AM RFD # | 7 August 2002 | 28 November 2002 |
| Mr T.V. Willstead * | 20 July 2004 | N/A |

Mr R.B. Leece is standing for re-election at the 2004 annual general meeting.

* Mr T.V. Willstead, having been appointed by the directors since the last annual general meeting, holds office only until the 2004 annual general meeting at which he is standing for election by shareholders.

In the event that a potential conflict of interest may arise, involved directors withdraw from deliberations concerning the matter

Code of conduct

Board members, executive management and company officers are made aware of the requirements to follow corporate policies and procedures, to obey the law and to maintain appropriate standards of honesty and integrity at all times. In this regard the directors have adopted a code of conduct for directors, senior executives and employees. The code of conduct covers ethical operations, compliance with Laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading. A copy of the code is available on the Company web site under the Corporate Governance section.

Share trading policy

The Company's code of conduct provides that no director, senior executive or employee shall purchase or sell Company securities, or securities of a company in a "special relationship" with the Company, while in possession of material information concerning the

Company or such a company that has not previously been generally disclosed to the investing public for at least two business days. Nor shall an employee inform any individual or entity of any such material information, except in the necessary course of business.

Employees are encouraged to invest in the Company's securities, but must avoid trading when in possession of confidential material information which, if generally available, would reasonably be expected to either have an effect on the market price or value of those securities or affect an investor's decision as to whether to buy, sell or hold securities in the Company.

Directors are required to give prior notice to the chairman of any dealings in Company securities by themselves or their associates and to provide particulars of any transactions immediately following execution. The secretary is to make the requisite notifications to ASX within 2 days of each such transaction.

Financial reporting and audit committee

Mr J.M.E. Percival, Director Operations, is required to confirm to the board that, for each financial reporting period, the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The board has established a separate, formally constituted, audit committee which reviews the published accounts of the Company as well as the external auditing arrangements and the adequacy, quality and effectiveness thereof. The committee consists of all five directors together with external consultant and chartered accountant Mr J.D. Leece, OAM. Mr J. Landerer, CBE AM is chairman of the committee. The committee meets at least twice a year. Particulars of committee meetings held during the year ended 30 June 2004 and the attendance of each committee member is set out in the accompanying directors' report.

The committee has been in place for a number of years and its composition does not comply with the ASX Corporate Governance Council in that it does not have an independent chairman, who is not chairman of the board, and its members include Mr J.M.E. Percival who is an executive director. The composition of the committee is being reviewed.

The committee has a formal charter, a copy of which is available on the Company web site under the Corporate Governance section.

Continuous disclosure

All directors and senior executives have been made aware of the continuous disclosure requirements of the ASX Listing Rules and have been provided with a copy of the relevant rules and guidance notes. Continuous disclosure is included on the agenda for all formal meetings of the directors. Directors and senior executives are made aware of the constraints applicable to private briefings and broker and analyst presentations.

The directors have allocated responsibility to the Director Operations and the Company Secretary to alert the board to any operational or regulatory matters respectively which they consider may require disclosure to the market under the continuous disclosure requirements of the ASX Listing Rules. The directors then consider and approve the form of any such announcement.

All Company announcements require the approval of the board with provision for available directors, including the chairman, to approve urgent announcements. The Company Secretary is responsible for communication with ASX. The chairman is responsible for all media contact and comment.

The annual report contains a review of operations.

Shareholder communication

The Company communicates with its shareholders through ASX announcements, quarterly reports, the half-year report, the annual report and the annual general meeting. Copies of all such ASX announcements and reports are posted to the Company web site. Shareholders are encouraged to provide an email address to receive electronic copies of all announcements and reports.

The independent auditor attends the annual general meeting to respond to questions from shareholders on the conduct of the audit and the preparation and content of the audit report

Risk management

The board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Company and its operations. It has not established a separate committee to deal with these matters as the directors consider the size of the Company and its operations does not warrant a separate committee at this time. The board considers the matter of risk management on a quarterly basis at its monthly meetings. The directors have identified the significant areas of risk applicable to the Company and its operations and non-executive director Mr A.G. Harris has been allocated responsibility for preparation of a quarterly report to the board on the matter.

Performance evaluation of directors and executives

A performance evaluation of the board and its individual members has not taken place during the year. The structure of the board has been enhanced since balance date by the appointment of Mr T.V. Willsted as an additional director.

The board and the Director Operations undertakes an annual review of the performance of senior executives and employees on an annual basis.

Remuneration of directors and executives

Because of the relatively small size of the Company and its operations, the board does not consider it appropriate, at this time, to form a separate committees to deal with executive remuneration. The board as a whole establishes and reviews annually the remuneration of the executive directors, senior executives and employees.

In accordance with the constitution of the Company shareholders determine the aggregate remuneration of the directors, (the aggregate remuneration approved by shareholders at the 1999 annual general meeting is \$100,000). The directors determine the allocation of the approved aggregate remuneration between themselves.

Remuneration of the directors and senior executives during the year ended 30 June 2004 are set out in the accompanying notes to the financial statements.

There are no schemes or provisions for retirement benefits for non-executive directors other than statutory benefits and accumulated superannuation.

Recognition of legitimate interests of stakeholders

As detailed above the Company has adopted a code of conduct which 'inter alia' deals with compliance with legal and other obligations to legitimate shareholders. The full code of conduct is available on the Company web site under the Corporate Governance section.

October 2004

GOLDSEARCH LIMITED

CODE OF CONDUCT FOR EMPLOYEES AND EXECUTIVES

Introduction

This Code is based upon policies relating to business conduct used by other Australian and international companies. The purpose of the Code is to assist employees in making decisions related to business conduct. This Code is applicable throughout the company for all Goldsearch directors and employees, full-time, part-time and contract and it will be reviewed regularly.

Every employee who has executive or managerial responsibilities is:

- i. expected to ensure that the Code is communicated to and understood by employees reporting to him or her; and
- ii. required to sign an acknowledgement of adherence to the Code.

Goldsearch Limited and its subsidiaries must act in an honest and ethical manner at all times. The concept of ethical considerations often goes beyond what is lawful and it is occasionally difficult to determine whether an action is ethical or not. It is useful to discuss potential situations with your Manager to determine the appropriateness of an action beforehand. Proactive consultation is encouraged. Good intentions and failure to seek timely advice will not excuse violations of the Code.

A good test for deciding whether you are doing the right thing ethically is to ask the question:

"If there were full public disclosure of the facts, would it embarrass me, Goldsearch, my fellow employees or members of my family?"

Goldsearch is committed, both in principle and in practice, to the maximum level of transparency consistent with normal commercial confidentiality. Transparency can be defined as "openness to public scrutiny".

How to use the Code

The Code contains policy statements for key areas of business conduct. It addresses many of the main issues of concern to Goldsearch but it is not comprehensive. You should ask your Manager for advice about issues with which you are not comfortable. In some cases, policy statements have been condensed for easy reference. In other cases, more detailed guidelines or specific procedures are available from other sources. Wherever possible, these other sources are noted. If no additional sources are noted, you should contact your Manager for more details about the policy.

Compliance with Laws

We will comply with the laws applicable to the Company's business in the jurisdictions in which we operate.

Goldsearch and its employees will comply with all legal requirements applicable to our business. Ignorance of the law is not a defence. Each employee is responsible for understanding the laws that govern his or her work. Unlawful conduct will not be tolerated, even when the intent is to further other legitimate corporate objectives. Employees are encouraged to seek advice from their manager if they are unclear about laws relating to their work. In those rare circumstances where timely legal advice is impractical, employees should conduct themselves in a manner which they would not hesitate to have fully and publicly disclosed.

Dealing with public officials

Payments or the provision of gifts to public officials, whether or not through an agent or joint venture partner, are not permitted except under specific and limited circumstances.

Under no circumstances should a payment or gift be made or offered to a public official with a view to assisting Goldsearch to obtain or retain business, or to effect the enactment or enforcement of any laws. Participation, whether directly or indirectly, in any bribe, kickback, contribution or similar payment is prohibited.

As a way of gaining a government's respect and confidence, the Company encourages open and transparent contributions to good works such as charities, education or non-government organisations that benefit the community as a whole as well as Goldsearch's reputation. Contributions of this nature should not be made to an organisation if the organisation is tied directly or indirectly to the government department involved in regulating a Goldsearch project.

Political contributions and activities

Goldsearch may from time-to-time, make contributions to candidates, their campaigns or political parties where permitted by law, but only with the approval of the Board.

When employees participate in personal political activities, they should ensure that it is clear that they are acting on their own behalf and not as a representative of the Company.

Giving gifts or benefits

Employees shall not offer or give on behalf of Goldsearch extravagant gifts or excessive entertainment or benefits to others.

Modest gifts and reasonable entertainment are allowed to be given for business purposes by appropriate employees, where legally permitted and in accordance with local business practices, to persons or entities doing business or seeking to do business with Goldsearch.

No gift or entertainment should be of such value as to constitute a real personal enrichment of the recipient or to be perceived as such. Gifts or entertainment given on behalf of Goldsearch should be of a nature and amount that avoid embarrassment and would not reflect unfavourably on Goldsearch or the recipient, if subjected to public scrutiny.

Receiving gifts or benefits

Employees must not use their position to obtain personal gain or benefit from those doing or seeking to do business with Goldsearch.

Employees are required to select and deal with suppliers, customers and others doing or seeking to do business with Goldsearch in a completely impartial manner and be perceived by others to be acting in an impartial manner, without favour or preference based upon any considerations other than the best interests of Goldsearch.

Modest gifts and reasonable entertainment may be received from business associates of Goldsearch. No gift, favour or entertainment shall be of such a nature as might affect, or reasonably be perceived to affect, an employee's judgement or conduct in matters involving Goldsearch.

Employees must not use their position to obtain personal gain or benefit from companies or others doing or seeking to do business with Goldsearch. Employees must not seek any gifts, payments, services, loans, or other benefits.

Conflicts of interest

Employees must avoid all situations in which their personal interests conflict or might appear to conflict with their duties to Goldsearch.

While Goldsearch recognises and respects an employee's right to take part in financial, business and other activities outside their jobs, these activities must be free of conflict with their responsibilities as Goldsearch employees. Employees must avoid acquiring any interests or participating in any activities that would tend:

- i. to create an obligation or distraction which would affect their judgement or ability to act solely in the Company's best interests; or
- ii. to deprive Goldsearch of the time or attention required to perform their duties properly.

Ownership or an ownership interest in a competing or complementary business might create, or appear to create, a conflict. Employees must disclose to their Manager, in writing, all business, commercial or financial interests or activities where their activities might reasonably be regarded as creating an actual or potential conflict with their duties of employment.

Every employee of the Company who has executive or managerial responsibility is required to see that actions taken and decisions made within his or her jurisdiction are free from the influence of any interests that might reasonably be regarded as conflicting with those of Goldsearch. Employees must do more than merely act within the law. They must act in such a manner that their conduct will bear the closest scrutiny should circumstances demand that it be examined. Not only actual conflicts of interest, but the very appearance of conflict, must be avoided.

If a "conflict of interest" exists, and there is no failure of good faith on the part of the employee, it will be Goldsearch's policy to allow a reasonable amount of time for the employee to correct the situation in order to prevent undue hardship or loss. Decisions in this regard shall, however, be within the discretion of Goldsearch management, whose first concern must be the interests of Goldsearch.

Conflict of interest relating to entities supplying, purchasing from or competing with the Company include:

- i. the holding, directly or by a member of the employee's immediate family (e.g., spouse, children, parents, brothers, sisters), of "a substantial financial interest" in any business entity that does or seeks to do business with, or is in competition with, Goldsearch;
- ii. a partnership, profit-sharing arrangement, creditor/debtor relationship with such an entity;
- iii. an employee or member of the employee's immediate family serving as an agent, representative, director, officer or employee of, or consultant to, such an entity; and
- iv. the acceptance of any loan, service or other benefit from any such entity (other than borrowing on commercial terms from entities who are in the business of lending).

Confidential and proprietary Information

Unless previously published, the Company's records, reports, papers, processes, plans and methods are proprietary and confidential. Employees are prohibited from revealing information concerning such matters without proper authorisation.

Proprietary information developed or acquired by Goldsearch including trade secrets and other technical, financial and business information, is a valuable asset that must be kept confidential and protected against theft, loss or misuse. Confidential information (e.g., employee personal information and information acquired from third parties pursuant to a confidentiality agreement) must be used for authorised purposes only. Information that is not generally available to the public concerning the activities, results, or plans of Goldsearch must also only be used for authorised purposes. Confidential or proprietary information must never be used for personal gain.

The disclosure of Goldsearch's confidential or proprietary information to external entities (other than approved auditors, lawyers or banking institutions) must be authorised by a Manager of Goldsearch and should be limited to those who have a strict "need-to-know" requirement. Any disclosure to these external entities must be made subject to the completion of a confidentiality agreement restricting the recipient from disclosing or using the information in an unauthorised manner.

Goldsearch retains the exclusive proprietary right to any information developed by employees in the course of their employment with Goldsearch. Examples may include inventions, designs, discoveries or software programs.

In most jurisdictions, the law requires that if personal financial benefit is gained by the use or misuse of Company property or of information that is confidential to the Company's business, then the employee must account to the Company for any benefit.

Insider trading

No employee shall purchase or sell securities of Goldsearch, or securities of a company in a "special relationship" with Goldsearch, while in possession of material information concerning Goldsearch or such a company that has not previously been generally disclosed to the investing public for at least two business days. Nor shall an employee inform any individual or entity of any such material information, except in the necessary course of business.

Employees are encouraged to invest in Goldsearch's shares, but must avoid trading when in possession of confidential material information which, if generally available, would reasonably be expected to either have an effect on the market price or value of those shares or affect an investor's decision as to whether to buy, sell or hold Goldsearch's shares. Such activity is self-evidently unethical, and in many jurisdictions, illegal. Penalties for violating insider trading laws can be severe.

These laws often apply equally to persons to whom an employee may pass on the information (e.g., spouse, family member or friend). These individuals are often subject to the same penalties as the employee who passed on the information. Accordingly, employees must exercise the highest degree of caution if they are aware of price-sensitive information. If in doubt, advice should be sought from the employee's Manager.

Specific confidential information that could be considered material includes unpublished information concerning a significant mineral discovery; operating and financial results; a stock split; a change in dividend policy; a major merger, acquisition or take-over bid; or a technical advance of unusual economic significance.

A company is deemed to be in a "special relationship" with Goldsearch if any one of the following conditions are met:

- i. Goldsearch owns directly or indirectly 10% or more of the shares of that company; or
- ii. Goldsearch is proposing to:
 - a. make a take-over bid for that company,
 - b. effect a merger or business combination with it,
 - c. acquire a substantial interest in that company or its property, or
 - d. otherwise enter into a transaction that is material to that company.

Information systems

Goldsearch's computer and information systems are valuable assets of the Company. Consequently, their use must be in accordance with Company policies designed to protect the integrity of those systems and associated data.

Goldsearch employees must adhere to the following policies when conducting business on the wide range of information systems that the Company uses (e.g., voice mail, electronic mail, the Internet, facsimile, etc.):

- i. employees are responsible for protecting and maintaining the confidentiality of Company information which is communicated or stored using these systems, including use of passwords and properly secured communication methods;
- ii. employees have access to Company information systems to assist them in performing their jobs. Modest personal use is permitted if it is unrelated to outside business activities, does not interfere with Company business or the performance of work responsibilities, and is not performed during working hours;
- iii. all computer software used on the Company's computers must be properly licensed. Employees who illegally copy software in the course of their

- employment expose not only themselves, but the Company, to potential significant liability, as an employer may also be held liable for the actions of its employees;
- iv. employees are not permitted to load computer software onto their company computer without the permission of the relevant Company office;
 - v. messages created, distributed or stored on either the electronic mail or automated voice mail systems are considered the property of the Company. Goldsearch reserves the right to access messages. This access is necessary for many reasons, including the investigation of breaches of security or corporate procedures or to respond to external requests for information that Goldsearch is legally required to provide. It is Goldsearch's policy not to indiscriminately access employees' electronic or voice mail messages;
 - vi. offensive material (e.g., pornography, hate literature, etc.) is not permitted on Goldsearch systems; and
 - vii. sensitive transactions (e.g., take-over bids, acquisitions, etc.) must not be conducted electronically unless an appropriate level of security is implemented to protect the confidentiality of the material.

Financial controls and records

Accounting and financial records must be maintained which accurately reflect all Company transactions. Each operating unit is responsible for the design, implementation and maintenance of adequate systems of internal accounting and administrative controls.

Goldsearch's accounting and financial records must reflect, in an accurate, complete and timely manner, all transactions affecting the Company in order to meet statutory requirements and to ensure proper preparation of the Company's financial statements. Transactions must be properly authorised and approved and recorded in accordance with both the relevant generally accepted accounting principles and the highest standards of integrity. There shall be no cash funds, bank accounts, investments or other assets which are not recorded or are inadequately recorded in the Company's accounting records. Accounting and financial records must be adequately protected from destruction or tampering. Questions relating to accounting and financial records should be referred to the Chief Financial Officer. The accounting and financial records must also be retained for a sufficient period of time to meet both the relevant local legal requirements and those required by Goldsearch's corporate office.

There must be no concealment of information from or by management, or from Goldsearch's external auditors.

Internal control provides Goldsearch with a system of "checks and balances" to assist in ensuring that accounting and administrative policies are complied with throughout the Company. This is not only a good business practice, but also

ensures compliance with the various securities and tax laws to which Goldsearch is subject.

Ore reserves

The calculation of ore reserves and mineral resources is to be made in accordance with established procedures. Ore reserve and other mineral resource estimates are considered confidential until made public by an officer with proper authority.

Compliance with all legal requirements for the delineation of ore reserves and other mineral resources is critical. Ore reserves and other mineral resources must be defined and calculated in a manner consistent with applicable laws, and Company and regulatory policies and procedures.

Employee harassment or discrimination

The Company will not permit discrimination, intimidation or harassment of, or by, employees on the basis of race, gender, marital status, national origin or religious beliefs or on the basis of any other personal characteristics protected by law.

Discrimination is not permitted at any level of the Company or in any part of the employment relationship. This includes areas such as recruitment, promotion, training opportunities, salary, benefits and terminations. Goldsearch is committed, and employees are required, to sustain an environment that encourages personal respect and mutual trust. Differences between individuals, such as in race, gender, religion and physical limitations, are to be respected. Employees can expect to have their dignity honoured and their rights protected.

Employees are entitled to freedom from sexual and all other forms of personal harassment.

Occupational health and safety

Goldsearch will provide safe and healthy working conditions, develop, maintain and promote safe and productive work practices in all aspects of its business and comply with all occupational health and safety laws and regulations governing its activities.

Goldsearch considers the safety and health of its employees to be of utmost importance in the efficient conduct of its business, and believes that management and each and every employee have a shared responsibility in the promotion of health and safety in the workplace.

Compliance with the Code

All employees who are aware of any breaches of this Code must report the matter immediately to their Manager.

This Code of Conduct is a public document. As a result, adherence to this Code is fundamental to the Company's reputation in the business community and Goldsearch views breaches of the Code by employees as serious misconduct.

All employees are expected to adhere to this Code. Employees who breach the policies outlined in the Code may be subject to disciplinary action up to and including dismissal. If the situation involves a violation of law, the matter may also be referred to the appropriate law enforcement authority for consideration.

All breaches of the Code must be reported immediately to the reporting employee's Manager so that the matter can be dealt with in an expeditious manner in order to minimise any possible damage to the Company's reputation. The employee's Manager should promptly discuss the reported breach with the Chief Financial Officer in order that its legal significance to Goldsearch can be properly assessed. The Manager shall submit for approval to the next higher level of management his or her written recommendation as to what action should be taken.

All employees who have executive or managerial responsibilities are required to sign an acknowledgement of adherence to the Code.

No retaliatory action will be taken or permitted against an employee making good faith reports of a suspected breach of the Code.

2 August 2004

The Code of Conduct for senior executives

The Code provides that senior executives influencing financial performance will:

1. Discharge their duties at the highest level of honesty and integrity having regard to their position in the organisation. Integrity is the quality from which a public trust is derived and a benchmark against which senior executives must measure all decision making.
2. Observe the rule and spirit of the law and comply with the ethical and technical requirements of any relevant regulatory or professional body.
3. Respect the confidentiality of all confidential information acquired in the course of business and not make improper use or disclose such confidential information to third parties without specific authorisation or legal requirement.
4. Observe the principles of independence, accuracy and integrity in dealings with the Board, audit committees, Board committees, internal and external auditors and other senior managers within the organisation and other relevant bodies external to the organisation.
5. Disclose to the Board any actual or perceived conflicts of interest of a direct or indirect nature of which the senior executive becomes aware and which the senior executive believes could compromise in any way the reputation or performance of the organisation.
6. Maintain the principle of transparency in the preparation and delivery of financial information to both internal and external users.
7. Where applicable to exercise diligence and good faith in the preparation of financial information and ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of the organisation and complies with all applicable legislative requirements.
8. Where applicable to ensure the maintenance of a sound system of internal controls to safeguard the organisation's assets and to manage risk exposure through appropriate forms of control.
9. Set a standard for honesty, fairness, integrity, diligence and competency in respect of their position that will encourage emulation by others within the organisation.
10. Remain committed, at all times, to observing, developing and implementing the principles embodied in this Code in a conscientious, consistent and rigorous manner.

GOLDSEARCH LIMITED

AUDIT COMMITTEE TERMS OF REFERENCE

1. The role of the audit committee is to assist the board of directors in the discharge of its responsibilities for financial reporting and maintaining a system of internal control.
2. The committee is to be appointed by the main board of directors and should initially comprise all of the directors. The Company secretary is to be available as secretary to the committee.
3. The committee is to have a direct line of communication with the external auditors of the group and is to have full and free access to management personnel.
4. The committee is to meet at least quarterly and is to report to the board of directors after each meeting. The external auditors are to be entitled to receive notice of, and to attend all meetings of the committee. Management is to be available for discussion with the committee if required.
5. The principal functions of the committee are:
 - to review financial information to ensure its accuracy and timeliness and the inclusion of all appropriate disclosures;
 - to ensure the existence and effective operation of accounting and financial controls;
 - to oversee the audit of the Company, including nominating auditors, approving the audit scope and examining audit findings; and
 - to provide a link between the auditors and the board.
6. The general duties of the committee are:
 - helping to establish an environment in which controls can operate effectively;
 - overseeing management's monitoring of the organisation's systems of financial reporting and internal control to obtain early warning of system weaknesses;
 - reviewing the Company's accounting policies and reporting requirements;
 - assessing the adequacy of management reporting;
 - discussing the intended scope of the external audit and satisfying itself that no unjustified restrictions have been imposed by management;
 - recommending the appointment and remuneration of the external auditors;
 - reviewing the terms of the audit engagement;
 - inviting communication of problems from the external auditors throughout the year;
 - following up the implementation of recommendations made by the external auditors;
 - ensuring that any directors not on the committee are kept briefed;
 - ensuring that reports issued by auditors to management are being received by the board; and
 - reporting to the board on its findings.
7. Specific responsibilities of the committee include:
 - to review all published financial statements which require approval by the board of directors prior to approval by the board. Such statements

include interim statements, year-end audited financial statements, statements in prospectuses and other offering memoranda and statements required by regulatory authorities;

- to review any report of management which accompanies published financial statements (to the extent that such a report discusses the financial position or operating results) for consistency of disclosure with the financial statements themselves, again, before approval by the board;
- to review the audit plans of the external auditors and to review any significant recommendations by the auditors to strengthen internal controls;
- to review the results of the external audits, any changes in accounting practices or policies and subsequent effects on the financial statements;
- to consider any other matter which affects its recommendations to the board of directors concerning the approval of the financial statements;
- to review the basis and amount of reports issued by the auditors; the quality of the internal controls; the size, complexity and financial condition of the Company; and
- to ensure that there are appropriate measures and systems in place which enable the Company at all times to comply with the continuous disclosure requirements imposed by Listing Rule 3A1.

1 July 1996