



CORPORATE GOVERNANCE CHARTER

The directors of Gascoyne Resources Limited believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Governance practices are not a static set of principles and the company assesses its governance practices on an ongoing basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

The Company has a corporate governance section on the website at www.gascoyneresources.com.au. The section includes details on the company's governance arrangements and copies of relevant policies and charters.

ASX Corporate Governance Council Best Practice Principles and Recommendations (2nd Edition)

For ease of comparison to the recommendations, the Corporate Governance statement addresses each of the 8 principles in turn. Where the company has not followed a recommendation this is identified with the reasons for not following the recommendation. This disclosure is in accordance with ASX listing rule 4.10.3.

Principle 1 - Lay solid foundations for management and oversight by the board

The board operates in accordance with broad principles set out in its charter which is available from the corporate governance section of the company's website. Broadly the key responsibilities of the board are:

1. Setting the strategic direction of the company with management and monitoring management implementation of that strategy;
2. Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions;
3. Approving the annual operating budget, annual shareholders report and annual financial accounts;
4. Appointing, monitoring, managing the performance of, and if necessary terminating the employment of the Chief Executive Officer;
5. Approving and monitoring the company's risk management framework;
6. Ensuring compliance with the Corporations Act 2001, ASX listing rules and other relevant regulations.

All directors and key executives reporting to the CEO of the company have been given formal letters of appointment outlining key terms and conditions of their appointment.

Performance evaluations for senior executives are carried out annually by the Chief Executive Officer. Performance during the previous 12 months is assessed against relevant performance indicators, and

role expectations and goals are set for the following year. Performance evaluations have been completed for all executives during the reporting period in accordance with approved processes.

Principle 2 - Structure the board to add value

Board Members

Details of board members, their experience, expertise, qualifications, term in office and independence status are set-out in the Prospectus. The structure of the board does not comply with ASX recommendation 2.1 in that a majority of the directors are not independent. Currently the board consists of three directors which are also Directors of Helix Resources and Giralia Resources who are or will be significant shareholders of Gascoyne Resources on ASX listing.

The board has formalised various policies on securities trading, disclosure and codes of conduct, which assist in providing a stronger governance framework for the Company. These of course are in addition to the Company's requirements under the Corporations Act 2001 and ASX Listing Rules.

Board structure and composition will be reviewed as and when the company's strategic directions and activities change. The Company will only recommend the appointment of additional Directors to your board where it believes the expertise and value added outweighs the additional cost. During the year no new directors were appointed to the Gascoyne Resources board.

Nomination Committee

The company does not comply with ASX recommendation 2.4 in that there is no separate nomination committee. Given the board comprises three directors it has been decided that there are no efficiencies to be gained from forming a separate nomination committee. The current board members carry out the roles that would otherwise be undertaken by a nomination committee and each director excludes himself from matters in which he has a personal interest.

Each Director completes an annual formal evaluation of the Board's performance including the Chief Executive Officer. The Chairman conducts an informal evaluation of the board members at least once per annum.

Independent Advice

A director of the Company is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out in the board's charter

Principle 3 - Promote ethical and responsible decision making

Code of Conduct

The board has adopted a code of business conduct which expresses certain basic principles that the Company and employees, consultants and contractors should follow in all dealings related to the Company. They should show the highest business integrity in their dealings with others, including

preserving the confidentiality of other peoples' information and should conduct the Company's business in accordance with law and principles of good business practice.

Securities Trading Policy

A formal Securities Trading Policy has been adopted whereby Directors and certain key executives ("Restricted Persons") are prevented from trading in the company's shares two weeks prior to the announcement of quarterly, half-year and the full-year reports. This is a restriction over and above the requirement to not trade in the Company's securities when in possession of inside information.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in shares and/or options in the Company.

Principle 4 - Safeguard integrity in financial reporting

The Chief Executive Officer and Chief Financial Officer will make the following certifications to the board;

- That the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and group and are in accordance with relevant accounting standards;
- That the reports were founded on a sound system of financial risk management and internal compliance and control.

Audit Committee

The company does not comply with ASX recommendations 4.1 and 4.2 in that there is no separate audit committee, and it is not comprised only of non-executive Directors. Given the board comprises three directors, it has been decided that there are no efficiencies to be gained from forming a separate audit committee. The current board members carry out the roles that would otherwise be undertaken by an audit committee.

The board has adopted a formal audit charter that sets out the roles and responsibilities of the audit committee and contains information on the procedures for the selection and rotation of the external auditor. The board believes the audit committee structure is appropriate given the company's size. The composition of the audit committee will be assessed on an ongoing basis in light of the company's overall board structure and strategic direction.

Principle 5 - Make timely and balanced disclosure

Continuous Disclosure

The board has adopted a formal disclosure policy outlining procedures for compliance with ASX continuous disclosure requirements. The policy is based upon the Company's desire to promote fair markets, honest management and full and fair disclosure. The disclosure requirements must be complied with in accordance with their spirit, intention and purpose.

The purpose of the policy is to:



- summarise the Company's disclosure obligations;
 - explain what type of information needs to be disclosed;
 - identify who is responsible for disclosure; and
 - explain how individuals at the Company can contribute.
- The Company Secretary is responsible for ensuring disclosure of information to the ASX.

Principle 6 - Respect the rights of shareholders

Shareholder Communication Strategy

The board has adopted a formal shareholder communication guidelines policy. All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the group's operations, the material used in the presentation is released to the ASX and posted on the company's website. Procedures are in place to determine where price sensitive information has been inadvertently disclosed, and if so, this information is released to the ASX.

Principle 7 - Recognise and manage risk

Risk assessment and management

The company does not have a separate Risk Management committee. Given the current size of the company and board, the directors believe there are no efficiencies in forming a separate committee and the board as a whole performs this role.

The company does not have a single specific risk management policy, but rather, financial and operating risks are addressed through individual approved policies and procedures covering financial, contract management, safety and environmental activities of the company. In addition to financial audits, the company's operations in Australia will be subject to annual Risk Management reviews in accordance with Risk Management Standard AS/NZS 4360: Risk Management. The company engages an insurance brokering firm as part of the company's annual assessment of the coverage for insured assets and risks. The results of all the various reviews and insurances are reported to the board at least annually.

The integrity of Gascoyne's financial reporting relies upon a sound system of risk management and control. Accordingly, the Chief Executive Officer and Chief Financial Officer, to ensure management accountability, are required to provide a statement in writing to the board that the financial reports of Gascoyne are based upon a sound risk management policy.

The board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately. A copy of the company's risk management committee charter is available from the corporate governance section of the company's website.

Principle 8 - Remunerate fairly and responsibly

Remuneration committee

The Company does not comply with ASX recommendation 8.1 in that it has not established a separate remuneration committee. Given the current size of the company and board, the directors believe there

are no efficiencies in forming a separate committee and the board as a whole performs this role. The board of directors reviews and approves recommendations in terms of compensation and incentive plan arrangements for directors and senior executives, having regard to market conditions and the performance of individuals and the consolidated entity.

Remuneration Policies

The Company's remuneration policies will be detailed in the Directors' Report in future periodic reports.

Non-Executive Director Remuneration

Non-executive directors are remunerated by way of director's fees. Apart from compulsory superannuation entitlements, non-executive directors are not eligible to receive retirement benefits.