

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the year, or part of the year, as the case may be. It follows the reporting guidelines laid out in the 2nd Edition of the “Corporate Governance Principles and Recommendations” issued by the ASX Corporate Governance Council. Where the Company has not adopted a Recommendation, an explanation is provided under the “if not, why not” approach.

As a small company, Saracen Mineral Holdings Limited (“Saracen”) endeavors to maximise the money it spends on activities that would enhance the business prospects and financial performance of the Company. While the Board subscribes to the Corporate Governance principles laid out below, it is mindful that, having regard to the Company’s size and available resources, overly formal procedures, such as those that are so essential for much larger and more complex companies, can lead to drains on valuable management time and significantly greater financial expense. In the current period the Company has made strides to improve and formalise its corporate governance practices as it transitions from explorer to gold producer. The Board will continuously monitor the guidelines below and adopt more structured practices where it considers it appropriate.

Principle 1: Lay solid foundations for management and oversight

Principle No	Best Practice Recommendation	Corporate Practice
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	<p>The Board has not established a formal charter of functions as it considers, having regard to the size of the Company, it would not improve the present modus operandi. Similarly, the Board has not formulated a formal appointment letter for directors.</p> <p>The role of the Board of Directors is to formulate business and operational strategies, oversee the Company’s management, to regularly review its performance and to monitor the Company’s affairs in the best interests of shareholders, while giving cognizance to the expectations of other stakeholders in the activities of the Company.</p> <p>The key responsibilities of the Board include:</p> <ul style="list-style-type: none"> • ensuring the Company is properly managed; • where appropriate, the formation of specific focus subcommittees; • appointing and reviewing the performance of senior executives; • developing with management strategy, planning and major capital expenditure programs; • ensuring appropriate audit arrangements are in place; • ensuring effective and appropriate reporting systems are in place to assure the Board of proper financial, operational, compliance and risk management; and • shareholder communication and regulatory compliance. <p>Senior executives are accountable to the Board. Key responsibilities include:</p> <ul style="list-style-type: none"> • implementing the Board’s business and operational strategies; • day to day running of the business; • appropriate and cost effective exploration and development of Saracen projects; • identifying exploration and business development opportunities; • managing the operating and financial performance of the Company; • designing and implementing effective financial, operational, compliance and risk management controls, procedures and policies; and • stakeholder communication and regulatory compliance.

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1.2	Disclose the process for evaluating the performance of senior executives.	<p>The Board informally reviews the performance of senior executives against a number of qualitative and quantitative factors relevant to their role, and in the context of the performance of the Company as a whole, including in the reporting period. Similarly induction procedures for senior executives are informal and effectively dealt with during the pre-employment familiarization process.</p> <p>With the appointment of a Human Resources manager and the recent increase in staff numbers, Saracen intends to formalise the performance review process within the next reporting period.</p>
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	The information under Principle 1 has been disclosed above.

Principle 2: Structure the board to add value

2.1	A majority of the Board should be independent directors.	<p>The Board comprises a majority of three independent non-executive directors, and one executive director. The details of their skills, experience, qualifications, period of office held and attendances at meetings are included in the Directors' Report.</p> <p>As disclosed in Principle 8.2, Mr Parker received fees for additional services provided to the Company. The Board has considered the impact of the services arrangement on his status as an independent director and formed the view that the arrangement does not impugn his independence. Consideration was given to the pertinent relationship factors affecting the independence status of directors as described in the ASX Corporate Governance guidelines. The tenure of the arrangement with Mr Parker is limited in duration; with a specific focus to risk manage the Company's transition to producer status. The nature of the services is not considered strategic and the scope limited. Mr Parker's skills and experience are considered highly useful during the development stage, and the level of fees was not considered material.</p>
2.2	The chair should be an independent director.	The Company has an executive chairman, and does not comply with this Recommendation. Mr. Guido Staltari is an experienced company director, has intimate knowledge of the Company's affairs and has committed the necessary time to effectively discharge his role as chairperson. In the context of the Company's size and stage of development, the directors consider the current structure appropriate.
2.3	The roles of chair and chief executive officer (or equivalent) should not be exercised by the same individual.	The Company does not comply with this Recommendation, with Mr. Guido Staltari acting as both executive chair and in an equivalent position to chief executive officer. In the context of the Company's size and stage of development, the directors consider the current structure appropriate.
2.4	The Board should establish a Nomination Committee.	The Company does not have a Nomination Committee and consequently does not comply with this Recommendation. The responsibilities typically delegated to a Nomination Committee are dealt with by the full Board. In the context of the Company's size, the directors consider the current structure appropriate.
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	The Board has not established a formal evaluation process as it considers, having regard to the size of the Company, it would not improve the present modus operandi. The Board will monitor the need to formalise this process on an ongoing basis.
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	<p>Directors have the right, in connection with the discharge of their duties and responsibilities, to seek independent professional advice at the Company's expense.</p> <p>The information under Principle 2 has been disclosed above.</p>

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Principle 3: Promote ethical and responsible decision-making

3.1	Establish a code of conduct and disclose the code or a summary of the code.	<p>The Board has not established a single code of conduct. Rather through a series of Board approved policies including Delegation of Authority; Recruitment; Health and Safety; Environment Management, the core principles of ethical and responsible decision making is imbued through the Company. In addition integral to the Company's employment contracts, are requirements for employees to act lawfully, promote the interests of the Company, avoid conflicts of interest and comply with the Company's policies and procedures.</p> <p>Directors and officers are expected to act with integrity and in the interests of the Company. Directors are required to disclose any material interest in which they may be in conflict with the interests of the Company. Any matter in which a director has an interest is dealt with in accordance with the Corporations Act, where the director will not be present when the matter is being considered unless invited to remain by the non-conflicted directors.</p>
3.2	Establish a policy concerning trading in Company securities, and disclose the policy or a summary of that policy.	<p>The Company does not comply with this Recommendation. In the context of the Company's historically small size and centralized management, a formalised trading policy was not considered to improve the modus operandi.</p> <p>With the recent growth of the Company as it transitions from explorer to producer, a formal trading policy is intended to be implemented within the next reporting period. This will be published on the Company's website (www.saracen.com.au) in due course.</p>
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	The information under Principle 3 has been disclosed above.

Principle 4: Safeguard integrity in financial reporting

4.1	The Board should establish an Audit Committee.	The Company established an Audit Committee in June 2009. The Audit Committee met on three occasions as part of the process of signing off the statutory financial statements.
4.2	<p>The Audit Committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists only of nonexecutive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the Board; • has at least three members. 	The Audit Committee has two members, consisting of independent non-executive directors Mr. Carl Thompson and Mr Ivan Hoffman, who is also the committee chair. The details of their skills, experience and qualifications are included in the Directors' Report. The committee members possess the requisite technical expertise, including the chair who is a Certified Practising Accountant.
4.3	The Audit Committee should have a formal charter.	A formal Audit Committee charter was adopted and can be accessed on the Company's website (www.saracen.com.au) under the Corporate Governance section.
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	<p>The external auditor has a rotation policy such that lead and review partners are rotated every 5 years.</p> <p>The information under Principle 4 has been disclosed above.</p>

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Principle 5: Make timely and balanced disclosure

5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and disclose those policies or a summary of those policies.	<p>The Company does not comply with this Recommendation. In the context of the Company's historically small size and centralized management, written disclosure policies and procedures would not improve the modus operandi.</p> <p>The Company supports and complies with the continuous disclosure regime, and has to date followed internal procedures to ensure that price sensitive information is identified, reviewed by management and properly disclosed to the ASX in a timely manner and in accordance with the continuous disclosure requirements of the ASX Listing Rules. All ASX announcements are posted to the Company's website (www.saracen.com.au) as soon as possible after disclosure to the ASX. The Company Secretary manages the Company's compliance with its continuous disclosure obligations and is responsible for communications with the ASX.</p> <p>Presentations that contain information that has not previously been announced to ASX, and that could have a material effect on the share price, are announced to the ASX prior to the presentation being made.</p> <p>With the recent growth of the Company as it transitions from explorer to producer, written disclosure policies and procedures are intended to be implemented within the next reporting period. These will be published on the Company's website in due course.</p>
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	The information under Principle 5 has been disclosed above.

Principle 6: Respect the rights of shareholders

6.1	Design a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose that policy or a summary of that policy.	<p>The Board of Directors aims to ensure that the shareholders on behalf of whom they act have access to all information necessary to assess the performance and prospects of the Company.</p> <p>Mechanisms used to communicate with shareholders include:</p> <ul style="list-style-type: none"> • the annual report which is distributed, or otherwise made available, to all shareholders; • the quarterly report; • the half-year report; • the annual general meeting and other general meetings called to obtain shareholder approval for Board action as appropriate; • Company announcements; and • the Company's website (www.saracen.com.au). <p>In addition the Company seeks to provide opportunities for shareholders to participate through electronic means. The website includes a feedback mechanism and an option for shareholders to register their email address for direct updates of company matters.</p> <p>The Board ensures that all price sensitive information is disclosed to the ASX on a timely basis, subject to the permitted exceptions to such disclosure.</p> <p>The Company welcomes questions from shareholders at any time and these are answered within the confines of information that is not market sensitive or already in the public domain. All announcements made by the Company to the ASX are posted on the Company's website</p> <p>The external auditor is required by law to attend the annual general meeting to answer any questions with regard to the conduct of the audit and the preparation and content of the auditor's report.</p> <p>The Board will monitor the need to formalise this process on an ongoing basis.</p>
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	The information under Principle 6 has been disclosed above.

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Principle 7: Recognise and manage risk

7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The company has systems in place for the management of its material risks. The Board considers the material risks associated with the Company, and management is responsible for establishing and maintaining systems and controls for mitigating these risks. The Company is also in the process of implementing a risk likelihood/consequence matrix as a tool in identifying potential business risks, with a view to introducing appropriate systems and controls, where not already in place.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	<p>The Board has established a Risk Committee and Audit Committee for the oversight of operational and financial risks respectively.</p> <p>The Risk Committee was formed to manage the key risks associated with the transition to producer, and comprises Mr. Barrie Parker as the chair. The details of Mr Parker's skills, experience and qualifications are included in the Directors' Report. Mr Parker is assisted by a project development team which meets weekly to identify risks associated with project development and implement mitigating strategies. The Risk Committee reports to the Board as a standing item on the Board meeting agenda.</p> <p>Financial and reporting risks are considered by the Audit Committee, supported by the managing director and company secretary.</p>
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration 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.	The Board receives assurance from the Managing Director and the Company Secretary in the form of the s295A declaration, prior to approving financial statements.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	The information under Principle 7 has been disclosed above.

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Principle 8: Remunerate fairly and responsibly

<p>8.1</p>	<p>The Board should establish a Remuneration Committee.</p>	<p>During the reporting period, the Board did not have a separate Remuneration Committee. A separate committee was previously considered unnecessary in the context of the small Company size and the relative simplicity of its affairs, where the Board as a whole would make such decisions.</p> <p>Following the reporting period, the Company established a Remuneration Committee and adopted a charter. The Remuneration Committee has three members, consisting of independent non-executive directors Mr. Ivan Hoffman, Mr. Barrie Parker and Mr. Carl Thompson who is also the committee chair. The details of their skills, experience and qualifications are included in the Directors' Report. The Remuneration Committee charter will be published on the Company's website (www.saracen.com.au) in due course.</p>
<p>8.2</p>	<p>Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives, as described in the Directors' Report.</p> <p>The non-executive directors of the Company are remunerated by way of fixed annual fees within the aggregate limit approved by shareholders. Non-executive directors receive a fixed fee and do not participate in options, bonus payments or retirement benefits other than statutory superannuation. One of the non-executive directors, Mr. Barrie Parker, also receives fees for additional services provided to the Company, specifically in his role as chair of the Risk Management Committee.</p> <p>The executive director Mr. Guido Staltari is remunerated in accordance with a management agreement. Full details are provided in the Directors' Report and in Note 22 of the Notes to the Financial Statements.</p> <p>The senior executives of the Company are remunerated by way of a total salary package (inclusive of statutory superannuation) and in some cases equity-based remuneration in the form of options to subscribe for unissued shares. Equity based executive remuneration provided under the Company's Incentive Option Scheme is made in accordance with the terms and conditions approved by shareholders.</p>
<p>8.3</p>	<p>Companies should provide the information indicated in the Guide to reporting on Principle 8.</p>	<p>The information under Principle 8 has been disclosed above.</p>