



ACN 009 253 187

CORPORATE GOVERNANCE STATEMENT

| Corporate Governance Council recommendation | Reference/comment |
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PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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| <p>1.1 A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p> | <p>Subject to the Corporations Law, the Listing Rules and to any other provision of the Constitution, the business of the Company shall be managed by the Directors and they may exercise all such powers of the Company as are not, by the Corporations Law or by this Constitution, required to be exercised by the Company in general meeting.</p> <p>The Board;</p> <ul style="list-style-type: none"> · is responsible to all stakeholders for the performance of the Company · shall work with management towards development of corporate strategy and performance objectives; · is responsible for monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available; · is responsible for reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance · is responsible for ensuring that a sound system of risk oversight and management is established; · is responsible for assuring timely and accurate communication of all information which is material to shareholders; · is responsible for the appointment, evaluation and, where appropriate, the removal of the company secretary; · is responsible for approving and monitoring the progress of projects, capital management, and acquisitions and divestments; · is responsible for enhancing the reputation of the company; · is responsible for approving and monitoring financial and other reporting; and · is committed to supporting the highest levels of ethical standards throughout the company in all its dealings. |
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| 1.2 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | <p>The Company undertakes appropriate background and screening checks prior to nominating a Director for election. Shareholders are provided with all material information in the Company's possession concerning the Director standing for election or re-election in the explanatory notes accompanying the notice of meeting.</p> |
| 1.3 | <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> | <p>The Company has a written agreement with each director and senior executive setting out the terms of their appointment, except for Robert Smith and Michael Glasson who have been working for the Company for 10 and 9 years respectively.</p> |
| 1.4 | <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p> | <p>The Company Secretary attends all meetings of the Board and is accountable to the Board through the Chairman.</p> |
| 1.5 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclosure as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: <ul style="list-style-type: none"> (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. | <p>Due to the Company's size, nature and extent of operations, the company has departed from this principle.</p> |
| 1.6 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | <p>Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues.</p> <p>No performance reviews were done in 2018.</p> |
| 1.7 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | <p>Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues.</p> <p>No performance reviews were done in 2018.</p> |

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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| 2.1 | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is shared by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee is warranted.</p> |
| 2.2 | <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p> | <p>The Board evaluates the mix of skills, experience and diversity at the Board level. The Board believes that a highly credentialed Board, with a diversity of background, skills and perspectives, will be effective in supporting and enabling delivery of good governance for the Company and value for the Company's shareholders. The mix of skills comprised in the current Board, and that the Board would look to maintain, and to build on, includes:</p> <ul style="list-style-type: none"> • high level of business acumen; • technical expertise (including finance); • ability to think strategically; • financing expertise; • commercial legal expertise; and • governance experience and expertise. <p>The Board aspires to have a Board comprised of individuals' diverse experience and expertise.</p> |
| 2.3 | <p>A listed entity should disclose:</p> <ol style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. | <p>Mr Guy Le Page is considered by the board to be an independent director.</p> <p>The length of service of each director is disclosed in the Company's Annual Reports.</p> |
| 2.4 | <p>A majority of the board of a listed entity should be independent directors.</p> | <p>Due to the Company's size, nature and extent of operations, the company has departed from this principle.</p> |
| 2.5 | <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p> | <p>Due to the Company's size, nature and extent of operations, the company has departed from this principle.</p> |
| 2.6 | <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p> | <p>Due to the Company's size, nature and extent of operations, the company has departed from this principle.</p> |

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

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| 3.1 | A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. | The Company has a Code of Conduct which can be viewed on the Company's website. |
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PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

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| 4.1 | The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employees that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | Due to the Company's size, nature and extent of operations, the company has departed from this principle. |
| 4.2 | The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | The Executive Chairman and the Chief Financial Officer make this assurance to the board. |
| 4.3 | A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | The Board requests that Nexia, the Company's external auditor, attends the Annual General Meeting of the Company and is available to answer shareholder questions relating to the audit of the Company's financial statements, preparation and content of the auditor's report, the accounting policies adopted by the Company and auditor independence. |

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PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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| 5.1 | A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. | The Company has a Continuous Disclosure Policy which can be viewed on the Company's website. |
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PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

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| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | The Company provides this information via its website. |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | The Company has a Communications Policy which can be viewed on the Company's website. |
| 6.3 | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | The Company has a Communications Policy which can be viewed on the Company's website. |
| 6.4 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security electronically. | The Company is putting in place facilities to allow for shareholders to elect to send and receive communications electronically. |

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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| 7.1 | The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | Due to the size and nature of the Company, the Company does not have formalised policies on risk management. The Board recognises its responsibility for identifying areas of material business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at board meetings and risk management culture is encouraged amongst employees and contractors. |
| 7.2 | The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. | See above. |

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| 7.3 | <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | <p>Due to the size and nature of the Company, the Company does not have an internal audit function.</p> |
| 7.4 | <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> | <p>Due to the size and nature of the Company, the Company does not have material exposure to economic, environmental and social sustainability risks</p> |

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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| 8.1 | <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employees for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | <p>Due to the size and nature of the Company, the Company does not have a remuneration committee.</p> <p>The Company's Constitution allows for a maximum amount per annum to be paid to non-executive directors, to be allocated at the discretion of the directors. Any changes to the annual amount must be approved at a General Meeting of members of the Company.</p> |
| 8.2 | <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p> | <p>The Company's Constitution allows for a maximum amount per annum to be paid to non-executive directors, to be allocated at the discretion of the directors. Any changes to the annual amount must be approved at a General Meeting of members of the Company.</p> |
| 8.3 | <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. | <p>The Company does not have an equity based remuneration scheme.</p> |