

Corporate Governance

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- Protection and enhancement of Shareholder value;
- Formulation, review and approval of the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and results;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- Identifying significant business risks and ensuring that such risks are adequately managed;
- The review of performance and remuneration of executive directors and key staff;
- The establishment and maintenance of appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

Subject to the exceptions outlined below the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

| Recommendation Reference - ASX Guidelines | Notification of Departure | Explanation for Departure |
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| 2.1 and 2.2 | A majority of the Board are not independent directors. The Chairman is not an independent director. | <p>The Board takes the view that they are not independent in terms of the ASX Corporate Governance Council's discussion of independent status. Despite this, the Board believes that the Directors are able, and do make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent Non Executive Directors.</p> <p>Directors having a conflict of interest in relation to a</p> |

particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

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| 2.4 | A nomination committee has not been established. | The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification of attributes required in new Directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board. |
| 3.2 | A diversity policy has not been established. | The Board supports workplace diversity but considers that the Company is not of a size or maturity to justify a formal diversity policy. The Board's priority is to ensure that its members have the appropriate level of experience and skills to manage the Company rather than focusing on gender and other diversity factors. |
| 4.1, 4.2, 4.3 | An audit committee has not been established. | The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems. |
| 7.2 | A risk management committee has not been formed. | All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by the board as at the date of this report. |
| 8.1 | A remuneration committee has not been established. | The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and Executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. |

The Company has adopted corporate governance policies common with other public listed companies of similar size and business.