

CORPORATE GOVERNANCE STATEMENT (23 AUGUST 2017)

The ASX has released the third edition of the Corporate Governance Principles and Recommendations. There are 8 principles and 29 recommendations in this document. The following tables set out the Company's position in relation to the principles and recommendations. The board of the company has approved this document.

PRINCIPLES AND RECOMMENDATIONS	PRINCIPLES AND RECOMMENDATIONS AND DISCLOSURE AS TO COMPLIANCE AND/OR REASONS FOR NON-COMPLIANCE
PRINCIPLE 1:	<p>LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</p> <p>The Company complies with this principle and recommendations to the extent as described below: -</p>
Recommendation 1	<p>The Company has a Board Charter which addresses Recommendation 1.1 in that it identifies the respective roles and responsibilities of the board and management and it identifies those matters expressly reserved for the board and those delegated to management.</p>
Recommendation 1.2 to 1.4	<p>The Company complies with Recommendations 1.2 to 1.4 concerning the appointment and engagement of directors and the accountability of the company secretary.</p>
Recommendation 1.5	<p>The Company does not comply with Recommendation 1.5, gender diversity. However, the Company does comply with the Workplace Gender Equality Act for the latest reporting period as confirmed by written advice from the Workplace Gender Equality Agency, a copy of which is on the Company's website.</p> <p>The Company does not follow Recommendation 1.5 and therefore it does not have a written policy. The reasons for not following this recommendation include that the Company has a small number of employees (185 approx.), and a small board (4 persons). The Company considers that it is unrealistic or not in its interest to establish measurable objectives for gender diversity across its workforce. However, the Company's Recruitment Strategy ensures that appropriate selection criteria based on qualifications, experience and diverse skills are used when hiring new staff. Additionally, the Company's Harassment and Discrimination Strategy embraces the principle of equal opportunity for all regardless of gender, race, sexual preference, family responsibilities and any other attributes.</p>
Recommendation 1.6	<p>The Company does not comply with Recommendation 1.6 in that although it does have a formal process for the periodic evaluation of the performance of the board, this does not extend to its committees and individual directors. Because the board is small, the preferred method for evaluation of the committee and individual directors is ongoing comment and review between board members.</p>
Recommendation 1.7	<p>The Company does comply with Recommendation 1.7 in that it does have a formal process for the evaluation of the CEO and senior executives and this is conducted annually with the latest being in June-August 2017.</p>

PRINCIPLES AND RECOMMENDATIONS	PRINCIPLES AND RECOMMENDATIONS AND DISCLOSURE AS TO COMPLIANCE AND/OR REASONS FOR NON-COMPLIANCE
PRINCIPLE 2:	<p>STRUCTURE THE BOARD TO ADD VALUE</p> <p>The Company complies with this principle and recommendations to the extent as described below: -</p>
Recommendation 2.1	The board does not have a nomination committee. The board is a small board (currently 4 persons) and therefore it is able to effectively undertake the relevant tasks such as addressing succession issues and ensuring the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.
Recommendation 2.2	The board discloses the skills and experience of its directors on its website and in each annual report.
Recommendation 2.3	The Company discloses on its website which directors are considered by the board to be independent directors and also the length of service as a director of the Company.
Recommendation 2.4	A majority of the board should be independent directors. The Company does not comply with this recommendation in that only 50% of the currently serving directors are independent. The Company considers the composition to be in its best interests. The size of the Company and the specialist nature of its activities is best served by a small board with an adequate component of Company and industry specific knowledge.
Recommendation 2.5	The chair should be an independent director. The Company does not comply with this recommendation in that the Chairman is not independent. The Company considers this to be appropriate and in its best interests. The size of the Company and specialist nature of its activities is best served by a chairman who has Company and industry specific knowledge and significant equity in the Company.
Recommendation 2.6	The Company has a process to induct a new director which is customized to meet each director's needs. The Company encourages directors to maintain their skills and knowledge as needed.
PRINCIPLE 3:	<p>ACT ETHICALLY AND RESPONSIBLY</p> <p>The Company complies with this principle and recommendations to the extent as described below: -</p>
Recommendation 3.1:	The Company has a Code of Conduct for Directors and Senior Executives and this is disclosed on the Company website.

PRINCIPLES AND RECOMMENDATIONS	PRINCIPLES AND RECOMMENDATIONS AND DISCLOSURE AS TO COMPLIANCE AND/OR REASONS FOR NON-COMPLIANCE
PRINCIPLE 4:	<p>SAFEGUARD INTEGRITY IN CORPORATE REPORTING</p> <p>The Company complies with this principle and recommendations to the extent as described below: -</p>
Recommendation 4.1:	<p>The Company has an Audit and Risk Committee. The charter of this committee is disclosed on the website. The committee is composed of a majority of independent directors and is chaired by an independent director who is not the chairman of the board.</p> <p>The composition of the committee, the number of meetings and attendance is disclosed annually in the Company's Annual Report.</p>
Recommendation 4.2:	<p>With respect to the latest financial year, the CEO and the Accountant have confirmed to the board, in a written statement, that: -</p> <ul style="list-style-type: none"> • The financial reports are complete and present a true and fair view, in all material aspects, of the financial condition and operating results of the Company. • These views are founded on a sound system of internal control and risk management that implements the policies adopted by the board.
Recommendation 4.3:	<p>The Company ensures that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.</p>
PRINCIPLE 5:	<p>MAKE TIMELY AND BALANCED DISCLOSURE</p> <p>The Company complies with this principle and recommendations to the extent as described below: -</p>
Recommendation 5.1:	<p>The Company has a written Continuous Disclosure Policy which is disclosed on the Company's website.</p>
PRINCIPLE 6:	<p>RESPECT THE RIGHTS OF SECURITY HOLDERS</p> <p>The Company complies with this principle and recommendations to the extent as described below: -</p>
Recommendation 6.1	<p>The Company discloses information about itself and its corporate governance via its website.</p>
Recommendations 6.2 and 6.3	<p>The Company has a Shareholder Communication Policy which addresses these recommendations.</p>
Recommendation 6.4	<p>The Company gives security holders the option to receive communications electronically.</p>

PRINCIPLES AND RECOMMENDATIONS	PRINCIPLES AND RECOMMENDATIONS AND DISCLOSURE AS TO COMPLIANCE AND/OR REASONS FOR NON-COMPLIANCE
PRINCIPLE 7:	<p>RECOGNIZE AND MANAGE RISK</p> <p>The Company complies with this principle and recommendations to the extent as described below: -</p>
Recommendation 7.1:	<p>The Company does have an Audit and Risk Committee. See notes on the Recommendation 4.1 concerning the composition of the committee.</p> <p>The charter of the committee is disclosed via the Company's website.</p> <p>The composition of the committee, the number of meetings and attendance is disclosed annually in the Company's Annual Report.</p>
Recommendation 7.2:	<p>The Company does comply with this recommendation in that it has a Risk Management Framework. This framework was reviewed by the board during the last financial year.</p>
Recommendation 7.3:	<p>The Company does not have an all embracing internal audit function. The Company does have comprehensive internal audit processes with respect to certain classes of risk, namely OHS and Quality.</p> <p>Other risks are monitored and managed by management and this process is overseen by the board.</p>
Recommendation 7.4:	<p>The Company considers that its material exposure to economic, environmental and social sustainability risks are low and within the spectrum of what would be typical for a company of its size and activities.</p>
PRINCIPLE 8:	<p>REMUNERATION FAIRLY AND RESPONSIBLY</p> <p>The Company complies with this principle and recommendations to the extent as described below: -</p>
Recommendation 8.1:	<p>The Company has a remuneration committee which has a charter which is disclosed via the Company's website.</p> <p>The remuneration committee is composed of a majority of independent non-executive directors and is chaired by an independent director.</p> <p>The composition of the committee, the number of meetings and attendance is disclosed annually in the Company's Annual Report.</p>
Recommendation 8.2:	<p>The Company discloses annually, information about the remuneration of non-executive directors, the managing director and key management personnel in the Remuneration Report section of the Annual Report.</p>
Recommendation 8.3:	<p>The Company discloses annually, information about its Employee Share Plan and Performance Rights Plan in the notes to the Financial Statements contained in the Annual Report.</p>