

## CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is accurate and up to date as at 28 August 2015 and has been approved by the board.

Principle and Recommendations	Comply (Yes/No)	Explanation
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
<p><b>Recommendation 1.1</b>            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>	Yes	<p>The Company has adopted a Board Charter.</p> <p>The Board Charter sets out matters including the specific roles and responsibilities of the Board and management requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, and the establishment, operation and management of Board Committees.</p> <p>The Company's Board Charter is available on the Company's website.</p>
<p><b>Recommendation 1.2</b>            A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	Yes	<p>(a) The Company undertakes checks on any person who is being considered as a director. These checks may include good fame and character, experience, education and financial history and background.</p> <p>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.</p>
<p><b>Recommendation 1.3</b>            A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>Each senior executive and executive Director has a formal employment contract and the non-executive Directors have a letter of appointment.</p>
<p><b>Recommendation 1.4</b>            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>	Yes	<p>The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>

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<p><b>Recommendation 1.5</b> A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for 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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(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 "<i>senior executive</i>" for these purposes); or</p> <p>(2) if the entity is a "<i>relevant employer</i>" under the Workplace Gender Equality Act, the entity's most recent "<i>Gender Equality Indicators</i>", as defined in and published under that Act.</p>	No	<p>The Company has not adopted a formal diversity policy. The Company respects and values the benefit of diversity throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase Shareholder value and maximise the probability of achievement of the Company's goals. However given the size and nature of the Company's operations, the Company has not implemented a formal policy with respect to diversity.</p>
<p><b>Recommendation 1.6</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>The performance of the Board, is reviewed annually against appropriate measures in a manner that the Board deems appropriate. The review has regard to various matters including those set out in the Board Charter. The full Board will evaluate the performance of directors (including the Managing Director).</p> <p>The Company will report on whether a performance evaluation was undertaken.</p>
<p><b>Recommendation 1.7</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the</p>	Yes	<p>(a) The full Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior</p>

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<p>performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		<p>executives.</p> <p>(b) The full Board is required to disclose whether or not performance evaluations were conducted during the relevant reporting period.</p>
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>		
<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director;</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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> <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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	No	<p>The Board consider that given the current size of the Board (5), this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a nomination committee.</p>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a board skill matrix setting out the skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Yes	<p>The Board reviews capabilities, technical skills and personal attributes of its directors. It will normally review the Board's composition against those attributes and recommend any changes in Board composition that may be required.</p>
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be</p>	Yes	<p>(a) Disclosure of the names of Directors considered by the Board to be independent will be provided in the annual report.</p>

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<p>independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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</p> <p>(c) the length of service of each director.</p>		<p>The only current independent Director is Mr Wright.</p> <p>(b) Details of the Directors' interests, positions associations and relationships are provided in the annual report.</p> <p>(c) The length of service of each Director will be provided in the annual report.</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	No	<p>The Board Charter requires that where practical the majority of the Board will be independent.</p> <p>The only current independent Director is Mr Wright.</p> <p>The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Directors.</p>
<p><b>Recommendation 2.5</b></p> <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>	No	<p>Given the size and nature of the Company, Dr Aston is considered the most appropriate Director to act as Chairman.</p> <p>The Board intends to comply with this recommendation when the size and nature of the company warrants such a structure.</p>
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Yes	<p>All new directors are provided with an induction including comprehensive meetings with the Executive Chairman, and provision of information on the Company including Company and Board policies. All Directors are expected to maintain the skills required to effectively discharge their obligations to the Company.</p> <p>Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company. The full Board oversees the induction program for new directors and considers the training and development needs of all</p>

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		Directors. The Board is responsible for ensuring that resources are allocated to developing and maintaining the directors' skills and knowledge, to ensure that the directors have and maintain the necessary skills and knowledge required to fulfil their role on the Board and its Committees effectively.
<b>PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY</b>		
<p><b>Recommendation 3.1</b> A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes	<p>(a) The Company's Code of Conduct applies to the Company's directors, senior executives and employees.</p> <p>(b) The Company's Code of Conduct is available on the Company's website.</p>
<b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>		
<p><b>Recommendation 4.1</b> The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement</p>	No	<p>(a) The Board consider that given the current size of the Board (5), this function is efficiently achieved with full Board participation. Accordingly, the Board has not established an audit committee.</p> <p>(b) The board devotes time annually to fulfilling the roles and responsibilities associated with maintaining the company's internal audit function and arrangements with external auditors. All members of the board are involved in the company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>

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partner.		
<p><b>Recommendation 4.2</b></p> <p>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 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.</p>	Yes	<p>Before the Board approves the entity's financial statements for a financial period, the CEO and CFO must have declared 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.</p>
<p><b>Recommendation 4.3</b></p> <p>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.</p>	Yes	<p>The Risk Management Policy provides that the Committee must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCE DISCLOSURE</b>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company has a Continuous Disclosure Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications. The Continuous Disclosure and Market Communications Policy is available on the Company's website.</p>
<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>Information about the Company and its governance is available in the Corporate Governance Statement and associated policies which can be found on the Company's website.</p>
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>The Company has adopted a Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.</p> <p>The Shareholder Communications</p>

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		Policy is available on the Company's website.
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	The Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders. The Company permits shareholders to vote online (and by other methods) prior to an Annual General Meeting if they are unable to attend the meeting.
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	The Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders including receiving communications electronically.
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>		
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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</li> </ol> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	No	<p>(a) The Board consider that given the current size of the Board (5), this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a committee to oversee risk.</p> <p>(b) The board devotes time annually to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entities risk management framework and associated internal compliance and control procedures.</p>
<p><b>Recommendation 7.2</b></p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it</p>	Yes	The Board will, at least annually, undertake a structured consideration and review of the risk management framework and the material risks faced by, and the risk attitude of, the Company.

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<p>continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>		<p>The Company will report on whether such a review has taken place.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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>	<p>No</p>	<p>The Board, including the Executive Chairman, routinely consider risk management matters and is continuing to develop and refine its risk management and internal control processes.</p>
<p><b>Recommendation 7.4</b></p> <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>Yes</p>	<p>The Company is of the view that its operations do not create a material exposure to economic, environmental and social sustainability risks.</p>
<p><b>PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY</b></p>		
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting</p>	<p>No</p>	<p>(a) The Board consider that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a remuneration committee.</p> <p>(b) The Board devotes time annually to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>



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<p>the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		
<p><b>Recommendation 8.2</b> 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>Yes</p>	<p>The Company provides disclosure of all Directors and executives remuneration in its annual report.</p> <p>Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Group. There are no documented agreements providing for termination or retirement benefits to non-executive directors.</p> <p>Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Performance incentives may include performance bonus payments, shares and / or options granted at the discretion of the Board and subject to obtaining the relevant approvals.</p>
<p><b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Yes</p>	<p>The Company has an Employee Share Option Plan (Incentive Plan), which was approved by Shareholders at the 2014 AGM. A summary of the Incentive Plan was included in the Company's 2014 Notice of General Meeting, a copy of which is available on the Company's website.</p>