

Australian Securities Exchange  
Level 7, Exchange Plaza  
Perth WA 6000

5 October 2011

Dear Sir / Madame

#### **CORPORATE GOVERNANCE STATEMENT**

The Company has a Corporate Government Statement which has been adopted by the Board. The aim of the Corporate Government Statement is to ensure that the Company is effectively directed and managed, that risks are identified, monitored and assessed and that appropriate disclosures are made.

#### **ASX corporate governance council recommendation**

In preparing the Corporate Government Statement, the Directors considered the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations 2<sup>nd</sup> Edition" (**ASX Principles**) which Companies are required to report against in their first financial year commencing on or after 1 January 2008.

The Directors incorporated the ASX Principles into the Corporate Government Statement to the extent that they were appropriate, taking into account the Company's size, the structure of the Board, its resources and its proposed activities.

	ASX Corporate Governance Principle	Company Comments
<b>1</b>	<b>Lay solid foundations for management and oversight</b>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Board has adopted a Corporate Governance Statement (set out on the Company's website) which discloses the specific responsibilities of the Board and provides that the Managing Director or Chief Executive Officer is responsible for running the affairs of the Company under delegated authority from the Board.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Chairperson and/or the Managing Director are responsible for reviewing the performance of each executive at least once every calendar year with reference to the terms of their employment contract.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	<p>The Company will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 1.</p> <p>The Corporate Governance Statement which is available on the Company's website discloses the specific responsibility of the Board. The Corporate Governance Statement also specifically outlines the role of the Company's Chairperson and Company Secretary.</p>
<b>2</b>	<b>Structure the board to add value</b>	
2.1	A majority of the board should be independent directors.	<p>The Board takes the view that Mr Jones is not independent in terms of the ASX Corporate Governance Council's discussion of independent status as he is an officer of Oakajee Corporation Limited (substantial shareholder of the Company). Mr Todd Zani and Mr Chad Zani have entered into executive service agreements with the Company so are also not independent directors. Mr Soemya as a non-executive director is an independent director. Despite these relationships, 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 particular item of business must absent themselves from the Board meeting before commencement of</p>

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		discussion on the topic.
2.2	The chair should be an independent director	<p>The current chair is Mr Jones who is not an independent director.</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 an independent chair.</p>
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The role of chief executive officer is currently jointly being fulfilled by Mr Todd Zani and Mr Chad Zani. The current chair is Mr Jones.
2.4	The Board should establish a nomination committee.	<p>The Board considers that the Company is not currently of a size to justify the formation of a nomination committee.</p> <p>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.</p>
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Chairperson and/or the Managing Director are responsible for reviewing the performance of each executive at least once every calendar year with reference to the terms of their employment contract.
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	<p>A description of the skills and experience of each of the current Directors is contained in the Company's Prospectus dated 14 July 2011.</p> <p>Based on the Company's early stages of development and given the current size and structure of the Board, it has not fully complied the Principle 2 of the ASX Principles. However, it will seek to do so as it develops and the Board grows.</p> <p>To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairperson, individual directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities.</p> <p>The policy for the appointment of new directors is set out on the Corporate Governance Statement on the Company's website.</p> <p>The Company, will, in the corporate governance</p>

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		statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 2.
<b>3</b>	<b>Promote ethical and responsible decision making</b>	
3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity;</li> <li>the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<p>The Company has adopted a Code of Conduct which provides a framework for decisions and actions in relation to ethical conduct in employment.</p> <p>The Code of Conduct is set out in Appendix A of the Corporate Governance Statement on the Company's website.</p>
3.2	<p>Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.</p> <p>The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p>	<p>The Board supports workplace diversity but considers that the Company is not of a size or maturity to justify a formal diversity policy.</p> <p>The Company has only recently been incorporated.</p> <p>The Board's priority has been to ensure that its members have the appropriate level of experience and skills to manage the Company at its early stages of operation rather than focussing on gender and other diversity factors.</p>
3.3	<p>Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p>	<p>The Company has not yet set the measurable objectives however these will be considered by the Board and disclosed in the annual report. In addition, the Board will review progress against any objectives identified on an annual basis.</p>
3.4	<p>Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.</p>	<p>The Company's annual report will include the proportion of woman employees within the organisation as well as senior positions within the Company.</p>
3.5	<p>Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i>.</p>	<p>The Board will include in the Annual Report each year:</p> <ul style="list-style-type: none"> <li>measurable objectives, if any, set by the Board;</li> <li>progress against those objectives; and</li> <li>the proportion of women employees in the whole organisation, at senior management level and at Board level.</li> </ul>

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<b>4</b>	<b>Safeguard integrity in financial reporting</b>	
4.1	The board should establish an audit committee.	<p>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.</p> <p>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.</p>
4.2	<p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• consists only of non-executive directors;</li> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent chair, who is not chair of the board; and</li> <li>• has at least three members.</li> </ul> <p>The audit committee should have a formal charter.</p>	
4.3		
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	<p>When the Company has grown to a sufficient size to warrant it, the Board will establish an audit and risk committee to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance.</p> <p>The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 4.</p>
<b>5</b>	<b>Make timely and balanced disclosure</b>	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company has a continuous disclosure program in place designed to ensure compliance with ASX Listing Rule continuous disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.</p> <p>A summary of this policy is set out in Appendix C of the Company's Corporate Governance statement.</p>
5.2	Companies should provide the information indicated in <i>Guide to reporting on Principle 5</i> .	The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 5.
<b>6</b>	<b>Respect the rights of shareholders</b>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at	The Board is committed to open and accessible communication with holders of the Company's shares and other securities. Disclosure of information and

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	general meetings and disclose their policy or a summary of that policy.	other communication will be made as appropriate by mail or email. The Company's website will also be used to provide additional relevant information to security holders.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 6.
<b>7</b>	<b>Recognise and manage risk</b>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company has adopted policies for the management of business risks and a summary of these policies is available on the Company's website.
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.	It is the responsibility of the Chief Executive Officer (or equivalent) to create, maintain and implement risk management and internal control policies for the Company, subject to review by the Board.  The Board will review the effectiveness of implementation of the risk management system and internal control system at least annually.
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 Chief Executive Officer (or equivalent) is required annually to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.
7.4	Companies should provide the information indicated in <i>Guide to reporting on Principle 7</i> .	The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 7.
<b>8</b>	<b>Remunerate fairly and responsibly</b>	
8.1	The board should establish a remuneration committee.	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
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>consists of a majority of independent directors;</li> </ul>	

	ASX Corporate Governance Principle	Company Comments
	<ul style="list-style-type: none"> <li>is chaired by an independent director; and</li> <li>has at least three members.</li> </ul>	appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<p>The Board will distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.</p> <p>The Company's Constitution also provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by shareholders in general meeting.</p>
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	<p>When the Company has grown to a sufficient size to warrant it, the Board will establish a remuneration committee for the purposes of reviewing and approving the executive remuneration policy. The remuneration committee shall comprise at least three directors, with a majority of those directors being independent non-executive directors. As at the date of this statement, there are no schemes for retirement benefits for non-executive Directors.</p> <p>The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 8.</p>

In relation to the above, the Directors believe that, notwithstanding the Company's departures from the ASX Principles 2.1, 2.2, 2.3, 2.4, 3.2, 3.3, 4.1, 4.2, 4.3, 8.1 and 8.2 the Board has implemented suitable practices and procedures with respect to corporate governance, considering the size of the Board and the size and maturity of the Company. The Board wishes to acknowledge that nothing has come to its attention that would lead it to conclude that its current practices and procedures are not appropriate for an organisation of the size and maturity of the Company.

Yours sincerely,



**Graham Anderson**  
Company Secretary