

Corporate Governance Statement

The Board is responsible for the corporate governance of the Company and is committed to achieving and demonstrating the highest standards of corporate governance. The Board acknowledges and seeks to embrace the Corporate Governance Principles set by the Australian Securities Exchange (ASX) and continues to review the framework and its practices to ensure they meet the interests of shareholders.

On 18 June 2010, the Company joined Standard and Poor's ASX 200 Index. In light of this the Company reviewed its Corporate Governance policies and procedures and has revised its practices to seek consistent compliance with the best practice recommendations of the ASX, whilst acknowledging the nature and size of the Company's business and operations. For the period up to 30 June 2011, the Company complied with all of the ASX Best Practice Recommendations other than the Chair of the Company not meeting the ASX test for independence (Recommendation 2.1).

From 30 June 2011, the Company also does not comply with Recommendation 2.1, with half of the Board, as opposed to an absolute majority, being independent, due to Mr Kinghorn no longer being considered to be independent as a result of becoming a substantial shareholder of the Company. In addition, changes were made to the composition of the Nomination Committee and the Remuneration Committee, with best practice guidelines not entirely being met as outlined below.

Notwithstanding the comments above, the Board believes that its composition and that of its committees, is most appropriate for the size and nature of the Company and that having directors of the Company holding significant shareholding interests in the Company demonstrates their strong commitment to the Company.

The table below outlines each Principle, the associated Best Practice Recommendations and the Company's response. All practices, unless otherwise stated, were in place for the entire financial year. A copy of all policies and procedures referred to in the table below are available on the Company's website.

Best Practice Recommendation

Principle / Recommendation	Company's response
<i>Principle 1: Lay solid foundations for management and oversight</i>	
<p>(1.1) Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions</p>	<ul style="list-style-type: none"> ▪ The Company recognises and distinguishes between the respective roles and responsibilities of the Board and senior management. The relationship between the Board and senior management is critical to the Company's success. ▪ A Board Charter has been adopted which sets out the respective roles and responsibilities of the Board and senior management. A copy of the Board Charter can be found on the Company's website. ▪ The Board's functions include: <ul style="list-style-type: none"> - overseeing the Company's corporate strategy; - oversight of management; - ensuring effective communication with shareholders and other stakeholders; - oversight of financial and capital management; and - establishing and overseeing the Company's compliance and risk management procedures. ▪ The Board has delegated to the Managing Director (who is the Chief Executive Officer) the authority to manage and control the day to day affairs of the Company and the implementation of

	<p>the corporate strategy. The Managing Director has authority to sub-delegate to the senior management team. These delegations are reviewed on an annual basis.</p> <ul style="list-style-type: none"> ▪ Senior management, led by the Managing Director is accountable to the Board for day-to-day management of the Company.
<p>(1.2) Companies should disclose the process for evaluating the performance of senior executives</p>	<ul style="list-style-type: none"> ▪ The Managing Director is responsible for evaluating the performance of senior executives against performance indicators established for senior management. ▪ The Board is responsible for evaluating the performance of the Managing Director against set criteria. ▪ The performance of all senior executives was evaluated by the Managing Director in June 2011. The performance evaluation takes into account market remuneration surveys and the performance of the relevant business unit as against business and personal targets for that year.
<p>Principle 2: Structure the Board to Add Value</p>	
<p>(2.1) A majority of the board should be independent directors</p>	<ul style="list-style-type: none"> ▪ The Company recognises the importance of having a Board of appropriate composition, size and diversity. ▪ During the financial year, changes to the composition of the Board were made in light of the increased size and scope (including geographic diversity) of the business operations of the Company. The Board believes that the individuals on the Board have the appropriate skill and composition given the nature and size of the Company. ▪ In September 2010, the following changes were made to the Board: <ul style="list-style-type: none"> - Mr Duncan replaced Mr McGuigan as Chairman with Mr McGuigan then holding a position as a Non-Executive Director; - Mr Flannery replaced Mr Atkinson as Managing Director, with Mr Atkinson then holding a position as a Non-Executive Director; - Mr Mende, Mr Kinghorn and Mr O'Rourke joined the Board as Non-Executive Directors. ▪ From September 2010 to 30 June 2011, a majority of the Board was considered to be independent. ▪ Mr Duncan, and Mr Flannery are not considered to be independent directors as each is a substantial shareholder of the Company. On 30 June 2011, Mr Kinghorn also became a substantial shareholder of the Company and so from such time is now considered not to be independent. Mr Atkinson is not considered to be independent as he held an executive position within the Company within the last three years. Mr McGuigan, Mr Mende, Mr O'Rourke, and Mr Cubbin are considered to be independent directors. In determining the independence of its directors, the Company follows the guidelines as outlined in the Corporate Governance Principles and Guidelines. ▪ In August 2011, Mr McGuigan and Mr Atkinson resigned from

	<p>the Board of Directors.</p> <ul style="list-style-type: none"> Therefore presently half of the Board is independent as opposed to an absolute majority as prescribed by the best practice recommendations.
(2.2) The chair should be an independent director	<ul style="list-style-type: none"> Mr Duncan as Chair of the Board is not considered to be independent.
(2.3) The roles of chair and chief executive officer should not be exercised by the same individual	<ul style="list-style-type: none"> The role of chair and chief executive officer is separated, with Mr Duncan acting as Chair and Mr Flannery as Chief Executive Officer.
(2.4) The Board should establish a nomination committee	<ul style="list-style-type: none"> . As at the financial year end, the Nomination and Remuneration Committee was comprised of Mr McGuigan (Chair), Mr Duncan and Mr Kinghorn. Accordingly during this time the Nomination and Remuneration Committee met best practice recommendations as it consisted of all non executive directors, a majority of independent directors, was chaired by an independent director and had three members. From 30 June 2011, Mr Kinghorn is no longer considered to be independent, as a result of becoming a substantial shareholder of the Company. Further, in August 2011, Mr McGuigan resigned from the Board. At this time, the Board decided to separate the Nomination and Remuneration Committee, establishing two separate committees. A copy of the Charter of the Nomination Committee is available on the Company's website. The Nomination Committee is now comprised of the full Board of Directors. As such the composition of the Nomination Committee does not meet the best practice recommendations. Despite this, the Board considers that the composition of the Nomination Committee is appropriate given the skills and experience of the individuals involved. . Details of the directors qualifications and attendance at meetings are set in the directors' report on pages 8-9. The Nomination Committee is responsible for the selection and appointment of new directors and oversees the re-election of incumbent directors. The charter of the Nomination Committee is on the Company's website. The Nomination Committee has developed a board skills matrix to review the range of skills, experience and expertise on the Board and to identify its needs. The Nomination Committee is responsible for developing a short list of candidates of the required skill and experience. The full Board is then responsible for the appointment of the most suitable candidate to stand at election at the next annual general meeting. The nomination of existing directors for reappointment is not automatic and is contingent on performance and the current and future needs of the Company.

<p>(2.5) Companies should disclose the process for evaluating the performance of the board, its committee and individual directors</p>	<ul style="list-style-type: none"> ▪ The Board is responsible for evaluating the performance of the Board collectively, of the Chair and of each of its committees. The Chair undertakes annual assessment of the performance of each individual director. The Board is accountable to shareholders for the performance of the Company. ▪ During year ended 30 June 2011 the Board has implemented an induction program for new directors which involves a detailed briefing in regards to their role as a director of the Company and the business of the Company. The Board is continually informed by Senior Management of key developments in the Company's business and the industry in which the Company operates. ▪ The Board recognises that there are occasions when the Board of Directors believe that it is in their best interest and the interest of the Company to seek independent professional advice. Directors can seek independent professional advice at the Company's expense in furthering their duties.
<p>(2.6) Companies should provide the information indicated in the Guide to reporting on Principle 2.</p>	<ul style="list-style-type: none"> ▪ This Annual Report includes detailed information on directors that meet the requirements in "Guide to Reporting on Principle 2", including each individual's skills, experience, expertise and their term of office.
<p>Principle 3: Promote Ethical and Responsible Decision-Making</p>	
<p>(3.1) Companies should establish a code of conduct and disclose the code or a summary as to:</p> <ul style="list-style-type: none"> - (3.1.1) the practices necessary to maintain confidence in the company's integrity; - (3.1.2) the practices necessary to take into account their legal obligations and the expectations of their stakeholders; - (3.1.3) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	<ul style="list-style-type: none"> ▪ The Company and the Board promotes ethical and responsible decision making and has adopted a Code of Conduct for this purpose. ▪ The Code of Conduct provides that all directors, employees and officers of the Company must act in good faith and in the best interests of the Company. In doing so, all directors, officers and employees must: <ul style="list-style-type: none"> - comply with the law and have regard to the reasonable expectations of stakeholders; - maintain the confidentiality of any confidential information received in the performance of duties; - be responsible and accountable for their actions; - observe the ethical principles of fairness, honesty, integrity and truthfulness, including disclosure of potential conflicts; and - report any actual or suspected behaviour which is not in compliance with the Code of Conduct. ▪ The day to day management and operations of the Company are guided by these principles.
<p>(3.2) Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary</p>	<ul style="list-style-type: none"> ▪ The Company's policy regarding directors, senior executives and employees trading in securities, is set out in the Share Trading Policy, which restricts, directors, senior executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflect in the security's prices.

	<ul style="list-style-type: none"> ▪ All new staff are inducted in regards to all Company policies including the Code of Conduct and Share Trading Policy. Further training is periodically implemented. ▪ A copy of the Code of Conduct is available on the Company's website. ▪ A copy of the Share Trading Policy is available on the Company's website.
<p>(New 3.2) Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objective and progress in achieving them.</p> <p>(New 3.3) Companies should disclose the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them</p> <p>(New 3.4) Companies should disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the board</p>	<ul style="list-style-type: none"> ▪ The Company values diversity in the workplace and acknowledges the benefits that it can bring to an organisation. ▪ In the coming financial year the Company will be adopting a Diversity Policy, a copy of which will be available on the Company's website following its adoption. The purpose of the policy will be to outline the objectives which the Company seeks to achieve in regards to gender, age, cultural background and diversity. ▪ The Company will seek to promote and increase diversity within the organisation as positions and appropriately skilled candidates are available and will make disclosures in this regard during the next financial year as appropriate.
Principle 4: Safeguard Integrity in Financial Reporting	
<p>(4.1) The Board should establish an audit committee</p>	<ul style="list-style-type: none"> ▪ The Company has systems in place to independently verify and safeguard the integrity of the Company's financial reporting. ▪ The Board has established an Audit and Risk Committee which works within the framework of the Audit and Risk Charter.
<p>(4.2) The audit committee should be structured so that it consists only of non-executive directors; consist of a majority of independent directors; is chaired by an independent chair, who is not chair of the board and has at least 3 members</p>	<ul style="list-style-type: none"> ▪ In August 2011, the composition of the Committee was amended to remove Mr McGuigan following his resignation from the Board. The Committee now consists of: <ul style="list-style-type: none"> - Graham Cubbin (Chair, non-executive director and Independent); - Travers Duncan (Non-executive director and Non Independent); - Vince O'Rourke (Non-executive director and Independent). ▪ Details of these directors qualifications and attendance at audit committee meetings are set in the directors' report on pages 4 - 9. ▪ The composition of the committee meets the best practice

	<p>guidelines, including having a committee consisting solely of non-executive directors and a majority of independent directors.</p>
<p>(4.3) The audit committee should have a formal charter</p>	<ul style="list-style-type: none"> ▪ The Audit and Risk Committee works within the framework of the Audit and Risk Committee Charter adopted by the Board. The Audit and Risk Committee reports to the Board. ▪ The Audit and Risk Committee will meet at least twice per year. The Audit and Risk Committee is responsible for the selection and appointment of the external auditors as outlined in the Audit and Risk Committee Charter. ▪ A copy of the Audit and Risk Committee Charter is available on the Company’s website.
<p>Principle 5: Make timely and balanced disclosures</p>	
<p>(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</p>	<ul style="list-style-type: none"> ▪ The Company has a Disclosure and Communication Policy and a Disclosure and Materiality Guideline for Officers and Employees. ▪ These policies ensure timely and balanced disclosure of material matters concerning the Company. ▪ The Disclosure and Communication Policy provides that the Company must immediately disclose to the market any information concerning the company that a reasonable person would expect to have a material effect on the price or value of the Company’s securities. Disclosure of any such price sensitive information is not required where: <ul style="list-style-type: none"> - a reasonable person would not expect the information to be disclosed; - the information is confidential and the ASX has not taken a contrary view; - one or more of the following applies: <ul style="list-style-type: none"> (i) it would be a breach of law to disclose the information; (ii) the information concerns an incomplete proposal or negotiation; (iii) the information comprises matters of supposition or is insufficiently definite; (iv) the information is generated for internal management purposes; (v) the information is a trade secret. ▪ Senior Management is responsible for monitoring all information regarding the Company’s day to day activities and if a potential disclosure obligation arises, senior management is to report to the Managing Director and CFO who will determine whether disclosure to the ASX is required. ▪ A copy of the Disclosure and Communication Policy and the Disclosure and Materiality Guidelines is available on the Company’s website.
<p>Principle 6: Respect the rights of shareholders</p>	

<p>(6.1) Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose a summary of the policy</p>	<ul style="list-style-type: none"> • The Company’s Disclosure and Communication Policy outlines the procedures in place to ensure effective communication with Shareholders. • The Company seeks to ensure that shareholders are well informed of the Company’s activities. • The Company communicates with shareholders through annual, half yearly and quarterly reports, ASX releases, general meetings and the Company’s website. • The Company encourages shareholder participation at general meetings.
<p>Principle 7: Recognise and manage risk</p>	
<p>(7.1) Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies</p>	<ul style="list-style-type: none"> • The Company recognises the importance of risk management and adopted a Risk Management Policy and Procedure.
<p>(7.2) The board should require management to design and implement the risk management 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.</p>	<ul style="list-style-type: none"> • The Risk Management Policy adopted by the Board establishes the framework for identifying, assessing, controlling and managing risks. • The Audit and Risk Committee oversees the Company’s risk management system. • Senior management of each business unit, such as Finance, Business Development, Operations and Technology, is responsible for monitoring and mitigating all risks within that business unit. • Senior management of each business unit report to the Audit and Risk Committee on a periodic basis as to whether the material risks associated with that business unit are being managed effectively. • The Audit and Risk Committee then consolidates the business unit reports and then reports this information to the Board.
<p>(7.3) The board should disclose whether it has received assurance from the CEO and the CFO that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound framework of risk management and internal control and that the framework is operating effectively in all material respects in relation to financial reporting risks</p>	<ul style="list-style-type: none"> • The Board requires that the Managing Director and CFO formally confirm that: <ul style="list-style-type: none"> - the statement given in accordance with ASX Best Practice Recommendation R4.1 (the integrity of financial statements) is founded on a system of risk management and internal compliance and control which implements policies adopted by the board; and - the Company’s risk management and internal compliance and control system is operating efficiently and effectively in all material respects. • The Board has received such confirmation from the Managing Director and CFO in respect of this financial year.
<p>Principle 8: Remunerate fairly and responsibly</p>	
<p>(8.1) The Board should establish a remuneration committee</p>	<ul style="list-style-type: none"> • The Company aims to remunerate in line with industry benchmarks and the Company’s circumstances. As at the end of the financial year, the Nomination and Remuneration

	<p>Committee was responsible for remuneration within the Company. The composition of the Nomination and Remuneration Committee is described in section 2.4 above, which met the best practice guidelines. Section 2.4 also outlines that following the end of the financial year, the Nomination and Remuneration Committee has been separated into two committees. A copy of the Charter of the Remuneration Committee is available on the Company's website.</p>
<p>(New 8.2) The remuneration committee should be structure so that it consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.</p>	<ul style="list-style-type: none"> ▪ Following the resignation of Mr McGuigan from the Board, the Remuneration Committee is now comprised of Mr O'Rourke (Chair), Mr Duncan and Mr Kinghorn. The composition of the Remuneration Committee following these changes meets best practices guidelines other than having a majority of independent directors. Despite this, , the Board considers the composition of the committee to be more than satisfactory given the size and development stage of the Company, and the skills and experience of the individuals involved As an ASX Top 300 Company, the Company does adopt the practice of having the Remuneration Committee comprising solely of non executive directors.
<p>(8.3) Companies should clearly distinguish the structure of non-executive directors remuneration from that of executive directors and senior executives</p>	<ul style="list-style-type: none"> • Remuneration of directors and senior executives is reviewed by the Remuneration Committee and the Board generally. • Remuneration of non-executive directors is determined within the maximum amount approved by shareholders from time to time. • The remuneration report contained in the Directors Report of this Annual Report details the remuneration of directors and senior executives.