



## CORPORATE GOVERNANCE STATEMENT

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Dated 30 June 2016

Adopted by the Board on 8 September 2016

### GOVERNANCE FRAMEWORK

The Board of Deep Yellow Limited (DYL) has responsibility for corporate governance for the Company and its subsidiaries (the Group) and has implemented policies, procedures and systems of control with the intent of providing a strong framework and practical means for ensuring good governance outcomes which meet the expectations of all stakeholders.

The framework for corporate governance follows the 3<sup>rd</sup> Edition of the principles set out by the ASX Corporate Governance Council. The Directors have implemented policies and practices which they believe will focus their attention and that of their Executives on accountability, risk management and ethical conduct.

This Statement sets out corporate governance practices adopted by the Board and which were put in place during the financial year ending 30 June 2016. Where the Board considers the Group is not of sufficient size or complexity to warrant adoption of all the recommendations set out in the ASX Corporate Governance Council's published guidelines or where the recommendation was not adopted for the entire year, these instances have been highlighted.

The Board will continue to review its policies to ensure they reflect any changes within the Group, or to accepted principals and good practice.

### SHAREHOLDER COMMUNICATION

The Board is committed to ensuring that there is open and timely communication with all shareholders.

#### *Communications Policy*

The Board supports practices that provide effective and clear communications with security holders and allow security holder participation at general meetings. A formal **Shareholder Communications Policy** has been adopted, complying with Recommendation 6.3 of the Corporate Governance Council.

In addition to electronic communication via the ASX website, all ASX announcements together with all quarterly reports are published. These documents are available on request and are posted on the Company website at [www.deeptyellow.com.au](http://www.deeptyellow.com.au). The Company's full Annual Reports are also available on the website.

The website provides shareholders and others the opportunity to receive additional information such as press releases and other materials electronically.

Shareholders are able to pose questions on the audit process directly to the independent auditor who attends the Annual General Meeting for that purpose.

#### *Continuous Disclosure Policies*

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Group's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange Listing Rules. The Board has adopted a **Continuous Disclosure Policy**, complying with Recommendation 5.1 of the Corporate Governance Council and with the ASX Listing Rule Requirements.

Continuous disclosure is discussed at all regular board meetings and on an ongoing basis the Board ensures that all activities are reviewed to assess the need for disclosure to the market.

In accordance with ASX Listing Rules, the Company Secretary has been appointed as the Group's disclosure officer.

#### *Directors' Disclosure Obligations*

The Board is committed to complying with ASX Listing Rules and best practices particularly with respect to the level and nature of information provided by Directors.

The Directors' Disclosure Policy requires each of the Directors to provide continuous and timely disclosure of all dealings in Company securities in which the Director has a relevant interest. In addition, each director is required to disclose any actual or potential conflict of interest matters, which the board deals with appropriately as they are raised.

### BOARD OF DIRECTORS

#### *Role of the Board of Directors*

The Board guides and monitors the business and management of the Group on behalf of shareholders by whom they are elected and to whom they are accountable.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and Executives. The Board relies on Executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring financial and other reporting.

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The Board has adopted a **Board Charter**, complying with Recommendation 1.1 of the Corporate Governance Council, which clarifies the respective roles of the Board and Executives and assists in decision making processes.

#### **Board processes**

The Board agrees in advance a schedule of regular meetings for each calendar year, together with such other meetings as may be necessary. For the 2016 financial year, there were nine scheduled Board meetings and eighteen in total.

A standardised agenda for the meetings has been adopted to ensure certain information is addressed consistently and other items which are relevant to reporting deadlines and or regular review are scheduled when and as appropriate. The agenda is reviewed and approved by the Chairman with the involvement of the Managing Director.

#### **Evaluation of Senior Executive Performance**

The Managing Director has undertaken a review of the performance of the Group's executives during the year, complying with Recommendation 1.7 of the Corporate Governance Council.

#### **Board Composition**

The Constitution of the Company requires a minimum number of three Directors. There is no requirement for any shareholding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board includes the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Group, intellectual ability to contribute to Board duties and responsibilities and consideration of the objectives of the recently adopted Diversity Policy. In complying with recommendations of the Corporate Governance Council, the Board is mindful to ensure that it is comprised of individuals with skills to provide appropriate stewardship to the Group as it moves from an advanced stage explorer to a developer. The background of each Director is set out in the Directors Report section of the Annual Report.

#### **Skills and Experience**

A Skills Matrix developed by the Board provides the basis for the ongoing review of Board composition. The Skills Matrix lists key skills for the organisation in its present stage. Skill sets currently on the Company's Board include technical, financial, managerial, corporate, and commercial.

Key skill sets identified as being appropriate by the Board include:

- mining and exploration;
- accounting/auditing and corporate finance;
- uranium industry knowledge;
- strategic planning;
- risk management;
- environmental and health and safety.

The Board is presently comprised of five members, four Non-executive and one Executive:

* Mr Rudolf Brunovs	- Chairman Non-executive Independent	* Mr Greg Cochran	- Managing Director
* Ms Gillian Swaby	- Non-executive Independent	* Mr Christophe Urtel	- Non-executive
* Mr Mervyn Greene	- Non-executive Independent		

At this stage of the Groups development the Board believes that there is an appropriate mix of skills, experience, expertise and diversity on the Board. In the coming years as the Group assesses its development options for its various projects the Board believes that additional expertise is likely to be required and at that time further consideration will be given to ensuring the Board has an appropriate mix of skills and diversity.

Board qualifications are summarised in the table below:

<b>Name</b>	<b>Qualifications</b>	<b>Length of service</b>
Mr Rudolf Brunovs	FCA FAICD MBA	9 years
Mr Greg Cochran	MSc Eng (Mining and Mineral Economics), MBA, FAusIMM, MAICD, MSAIMM	5.5 years
Mr Mervyn Greene	MA (Maths) BAI (Engineering), MBA	9.5 years
Ms Gillian Swaby	BBus FCIS FAICD	11 years
Mr Christopher Urtel	MSc (Mining and Finance) BSc (First Class Honours – Geology with Engineering Geology)	3.5 years

#### **Independence of Directors**

In considering whether or not a Director is independent, the Board has regard to the independence criteria set out in the ASX Corporate Governance Council's Principles and Recommendations.

Directors are expected to bring independent views and judgement to the Board's deliberations. Three of the five Directors are considered by the Board to be independent, and as such the Company complies with Recommendation 2.4 of the Corporate Governance Council, which recommends that a majority of Board members should be independent.

As at the date of this report the Chairman is considered to be independent, and therefore the Group has complied with Recommendation 2.5 of the Corporate Governance Council.

### **Roles of Chairman and Chief Executive Officer**

The roles of Chairman and Managing Director/Chief Executive Officer are exercised by separate individuals, and accordingly the Group complies with Recommendation 2.5 of the Corporate Governance Council.

### **Role of the Company Secretary**

The Company Secretary is appointed by and accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary acts on all Committees of the Board.

Each Director is able to communicate directly with the Company Secretary on all matters relating to the functioning of the Board.

### **Nomination Committee**

The full Board carries out the functions of a Nomination Committee in respect of the selection and appointment process for Directors. While this does not comply with Recommendation 2.1 of the Corporate Governance Council which recommends having a separate Nomination Committee, the Board considers that given the size and maturity of the Group and the importance of Board composition it is appropriate that all members of the Board participate in such decision making.

### **Retirement, re-election and appointment of new Directors**

The constitution of the Company notes that Directors cannot hold office for a period longer than three years without submitting themselves for re-election at the next AGM, one third of the Directors (other than the Managing Director) must retire by rotation at each AGM together with any new Directors appointed by the Board during the period since the last general meeting. Retiring Directors are eligible to stand for re-election.

If the Board decides to appoint a new member either to complement the existing members or fill a vacancy, it goes through the process of identifying a wide base of potential candidates with appropriate skills and with a view to meeting the objectives of its Diversity Policy. This process would likely involve the appointment of an independent and experienced recruitment firm and would involve a rigorous process including Director interviews and discussions; site visits; and if necessary discussions with senior management. The Company also ensures that all appointments to the Board are appropriately referenced checked in addition to individual criminal and bankruptcy checks. It also ensures that all relevant information is provided to security holders for the purpose of deciding on whether or not to elect or re-elect Directors.

The Company does not have a formal induction process, however, new Directors appointed to the Board are provided with written material incorporating Financial, Corporate and Operating information in relation to the Company. In addition they are provided with a detailed appointment letter outlining the Company's expectations and setting out the requirements of the role as well identifying director interests and potential conflicts.

### **Evaluation of Board Performance**

The Group has a formal process for the evaluation of the effectiveness, processes and structure of the Board, and as such complies with Recommendation 1.6 of the Corporate Governance Council.

The Board undertakes an annual formal review of its performance.

The process has taken place during the financial year and includes the completion of individual questionnaires focused on Board process, effectiveness and structure as well as the effectiveness and contribution made by each Director. The responses are collated and discussed with a view to considering recommendations for improvement and/or appropriate changes.

### **Education**

All Executives and Directors are encouraged to attend professional education courses relevant to their roles.

### **Independent professional advice and access to information**

Each Director has the right to access all relevant information in respect to the Group and to make appropriate enquiries of Executives.

### **Structure of Non-executive and Executive Directors Remuneration**

The objective of Group remuneration policies, processes and practices is to:

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| * attract and retain appropriately qualified and experienced Directors who will add value; | * adopt reward programmes which are fair and responsible, in accordance with the principles of good corporate governance and which align Director entitlements with shareholder objectives. |
| * result in competitive remuneration benchmarked against peer groups; and                  |   |

The Remuneration Committee makes recommendations to the Board on the basis of individual performance, trends in comparative companies and the need for a balance between fixed remuneration and non-cash incentive remuneration.

Remuneration packages for Executive Directors comprise fixed remuneration and may include short term incentives in the form of cash bonuses or long term incentives in the form of performance rights as per individual contractual agreements. Remuneration packages are reviewed by the Remuneration Committee. The process consists of a review of Group, individual performance and relevant comparative remuneration externally and internally.

Non-executive Director remuneration is a fixed annual amount of Director fees, the total of which is within the amount approved by shareholders. Performance based cash bonuses or equity based remuneration has previously not been considered appropriate for Non-executive Directors. However, in order to reduce the cash drain on the Company, the Board has obtained shareholder approval at the last Annual General Meeting to issue shares in lieu of the part payment of Non-Executive Director fees and Managing Director salary. It is the Board's intention to seek an extension of this program at the upcoming Annual General Meeting.

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In spite of the change to the remuneration of Non-executive Directors in this financial year the Company believe it continues to distinguish between the remuneration practices for its Non-executive Directors and the remuneration practices applicable to Executive Directors, the Company therefore complies with Recommendation 8.3 of the Corporate Governance Council. A full outline of the remuneration policy is set out in the Remuneration Report of the Group's Annual Report.

## BOARD COMMITTEES

The Board has established several Committees with separate charters which it relies on to assist with the proper discharge of its duties. The Chairman of the Board has included the Committees in his evaluation of Board performance through the circulation and completion of specific questionnaires seeking comment on the effectiveness and structure of the Committees.

### Audit Committee

The Audit Committee is comprised of three Non-executive Directors and is chaired by an Independent Director who is also the Chairman of the Board. Although, the majority of members of the Audit Committee are independent the Group does not comply with Recommendation 4.1 of the Corporate Governance Council.

The members of the Audit Committee are Rudolf Brunovs (Chairman), Mervyn Greene and Gillian Swaby. The relevant qualifications and details of attendance at Audit Committee meetings are set out in the Directors' Report of the Company's Annual Report.

The Audit Committee operates under an Audit Committee Charter. The responsibilities of the Audit Committee include the appointment, compensation and oversight of the independent auditor and the review of the published financial reports.

### Remuneration Committee

The Remuneration Committee has been established to assist the Board by making recommendations on remuneration packages for Executive and Non-executive Directors, and where appropriate, senior managers. In addition, the Remuneration Committee reviews proposed long and short term incentive plans including the appropriate use of performance based hurdles.

The Remuneration Committee consists of three Non-Executive Directors being Gillian Swaby (Chairperson), Rudolf Brunovs and Christophe Urtel. The Remuneration Committee is chaired by an Independent Director, and has a majority of Independent Directors and accordingly complies with Recommendation 8.1 of the Corporate Governance Council.

The Remuneration Committee operates under a Remuneration Committee Charter which clearly sets out the role and responsibilities of the Remuneration Committee. The charter terms provide the Remuneration Committee with the ability to access internal and external resources as appropriate.

## ETHICAL STANDARDS

The Board actively promotes ethical and responsible decision making aiming to maintain the highest standard of ethical behaviour in business and in all its dealings with customers, clients, shareholders, governments, suppliers, employees and the community. As a minimum the Board and employees will:

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| * act within applicable laws;   | * act with courtesy;  |
| * act with fairness and respect;  | * foster an environment which encourages diversity in all its forms across the Group. |
| * encourage co-operation and rational debate with a view to achieving shared goals; |   |

### Codes of Conduct

To assist with these aims the Board has adopted a Code of Conduct that applies to Directors and key Executives of the Group and complies with Recommendation 3.1 of the Corporate Governance Council. This Code sets expectations for conduct in accordance with legal requirements and agreed ethical standards.

In addition, the Board has adopted an Ethics and Conduct Policy which applies to all employees, consultants and Directors.

The Ethics and Conduct Policy addresses the following:

- |                                   |  |                            |
|-----------------------------------|--|----------------------------|
| * Responsibility to third parties | * Environment  | * Confidential information |
| * Employment practices            | * Community activities                                       | * Conflicts of interest    |
| * Privacy                         | * Responsibility to shareholders and the financial community |                            |

In addition to the legal requirements and accepted practices which are addressed in each of the policies adopted by the Company and across the Group, the Board is mindful of its broader stakeholders including the community at large in all the geographical regions in which it operates.

### Diversity Policy

The Board has implemented a Diversity Policy in line with recommendation 1.5 of the Corporate Governance guidelines. The Group believes that the promotion of diversity on its Boards, in senior management and within the organisation generally is good practice and adds to the strength of the Group.

The Diversity Policy affirms existing employment arrangements which seek to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

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## Gender Diversity

The Board has established 'measurable objectives' for achieving gender diversity and to report against them on an annual basis. A number of objectives were put in place and the Board is continuing to review its practices with a focus on ensuring the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant. Some of the measures to assess the success of the policy are set out below.

The following table is a summary of the workforce within DYL and across the Group and provides a high level snap shot of the level of gender diversity as at 30 June 2016.

### Workforce Summary

	Male	Female	Total	Proportion female
DYL Board	4	1	5	20%
Senior Management	2	3	5	60%
Balance of Employees	3	3	6	50%
	<b>10</b>	<b>7</b>	<b>17</b>	<b>41%</b>
Australia	5	2	7	29%
Namibia	4	5	9	55%
	<b>10</b>	<b>7</b>	<b>17</b>	<b>41%</b>

At 30 June 2016, DYL had a diverse workforce with operations in Australia and Africa with the majority based in Namibia.

### Measurable Objectives

Objective	Outcome
Review and amend where appropriate other Company policies to align with the Diversity policy.	The Board has reviewed Board, and Board Committee Charters to ensure they reflect the objectives of the Diversity Policy.
Undertake a gender audit and in addition a general assessment of the current diversity levels within the Company and across the Group.	The Group has undertaken an audit of its human resources to establish the gender mix and cultural backgrounds.
Establish procedures to track the gender mix of the Company and of the Group over time.	The Group has compiled a summary of staff including gender and cultural diversity for the past and will continue to do so.
Structure recruitment and selection processes to recognise value of diversity.	The Group is reviewing its practices.
Have clear and transparent governance process around reward and recognition.	The Group has a remuneration charter which encourages rewards to be transparent. It is however in a process of reviewing its charter in this area.
Develop succession plan for the Board with aim to increase representation of women on the Board, subject to identifying candidates with appropriate skills.	The Group has reviewed its current composition and is developing a succession plan.

## FINANCIAL REPORTING

### Financial Reporting

The Board relies on Executives to monitor the internal controls. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board Meetings.

### Managing Director/Chief Executive Officer and Financial Controller Confirmations

In accordance with Recommendation 4.2 of the Corporate Governance Council, Australian Accounting Standards and the Corporations Act the Board requires that the Managing Director and Financial Controller provide a written statement in respect to the all annual, interim and other statutory financial reports of the Group. In addition, the Board requires assurance from the Managing Director and Financial Controller that the declaration is founded upon a sound system of risk management and internal controls, and that the system operates effectively in all material aspects.

## SECURITIES DEALINGS

There is no requirement for Directors to hold Company securities. In addition the Board and Remuneration Committee have formed the view that it is not appropriate for Non-executive Directors to be issued options or performance rights in respect of the Company's securities.

### Securities Trading Policy

The Board is committed to ensuring that all Directors and employees comply with their legal obligations as well as conducting their business in a transparent and ethical manner. All Directors and employees (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities issued by the Company is undertaken within the framework set out in the Securities Trading Policy.

The Securities Trading Policy does not prevent Directors or employees (including their immediate family or any entity for which they control investment decisions) from participating in any share plan or share offers established or made by the Company.

However, Directors or employees are prevented from trading in the securities once acquired if the individual is in possession of price sensitive information not generally available to all security holders.

Additional restrictions are placed on trading by Directors, Executives and other key management personnel as determined by the Chairman and Company Secretary from time to time ('Restricted Employees').

In addition to the overriding prohibition against dealing in the Company's securities when a person is in possession of inside information, Restricted Employees and their associated parties are at all times prohibited from dealing in the Company's securities during prescribed 'closed' periods. The Company has nominated closed periods to run from the end of the financial quarter up to the day after the release date of the quarterly report. Restricted Employees must also obtain written consent from the Chairman or Managing Director prior to trading in the Company's securities.

The Securities Trading Policy also includes a clause prohibiting Directors and Executives from entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company over unvested entitlements.

## RISK MANAGEMENT

### *Adoption of Risk Management Policies*

The Board has not appointed a separate committee to oversee risk, the whole Board acts in this capacity.

The Board has delegated the responsibility for identifying and managing risks to the Managing Director and the senior executive team. The Board undertakes a review of the Risk Register at least bi-annually and at the time of considering and approving the financial statements.

A Risk Strategy incorporating a Risk Framework and Risk Management Policy has been implemented and is reviewed bi-annually. The Board is responsible for supervising the Risk Strategy which together with management's framework and a number of specific policies, enable risk to be assessed and managed.

The Company's Risk Policy is disclosed on the Company's website.

The Company does not believe it is of a size that warrants an internal audit function. However the Board and Management maintain the required level of assurance through a sound system of internal controls which is monitored by senior executives and the Board.

### *Risk Management and Internal Control System*

The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

In order to implement the Risk Management Policy, it was considered important to establish a Risk Management Strategy and an internal control regime in order to:

- \* Assist the Group to achieve its strategic objectives;
- \* Ensure the accuracy and integrity of external reporting; and
- \* Safeguard the assets and interests of the Group and its stakeholders

### *Risk Management Strategy*

The Risk Management Strategy is designed to identify and assess possible sources of harm and to take steps to decrease or prevent that harm from occurring.

The Risk Management Strategy incorporates procedures and processes which provide evidence of a commitment to the management of risk by avoiding, sharing, transferring, reducing (mitigation) or accepting/retaining the risk.

To manage and assess risk, the Group has adopted and 'tailored to fit' a Risk Management Plan and a Risk Management Framework as outlined in the Australia/New Zealand Standard AS/NZS ISO31000:2009 Risk management – principles and guidelines.

Key risk traits are identified and managed using the following tools:

- \* *Business Risk Management*  
The Group manages its activities through financial budgets and operational and strategic plans.
- \* *Internal Controls*  
The Board has documented internal control processes appropriate for the Group's size and stage of development. It requires Executives to ensure the proper functioning of internal controls.
- \* *Financial Reporting*  
Directors approve an annual financial budget and regularly review performance against budget.
- \* *Operational Review*  
Executive Directors regularly visit exploration project areas to review the geological practices including the environmental and safety aspects of the operations.
- \* *Environment and Safety*  
The Board has adopted an Occupational Health and Safety Policy, Environmental Policy and Ethics and Conduct Policy, through which all employees and contractors are inducted.

The Risk Management Policy requires that senior management report to the Managing Director as to the effectiveness of the risk management and internal control systems and that regular reports thereon be provided to the Board.

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### **Continuous Improvement**

The Risk Management Plan continues to evolve and will develop with the growth of the Group's activities in the following risk areas:

* Financial	* Legal	* Human Resources	* Environmental/Social
* Corporate	* Management	* Political	

### **Economic, Environmental and Social Sustainability Risks**

The Company is focused on the discovery and exploitation of Uranium ( $U_3O_8$ ) and operates in diverse physical environments in Namibia. As a result there is potential for material exposure to economic, environmental and social sustainability risks.

The Company is very aware of the potential for risk in this area and is committed to ensuring that sound environmental management and safety practices are carried out in its exploration activities. Significant resources have been focussed on establishing and maintaining a culture of best practice through the implementation of an Occupational Health and Safety Plan and an Environmental Management Plan.

As a uranium explorer, additional responsibilities require the implementation of a Radiation Management Plan as part of the management of Occupational Health and Safety policies. The Group uses external consultants to review its activities and to assist in maintaining a best practice approach to the issues surrounding Radiation Management.

### **Anti-Bribery and Corruption**

Bribery and corruption have a serious impact on the social, economic and political environment of many countries. The effects of bribery and corruption impact both individuals and businesses in the world's poorest countries. Deep Yellow is committed to the fight against bribery and corruption. Deep Yellow expects all of its employees and Representatives to comply with both the letter and spirit of the laws that govern Deep Yellow's operations in Australia and overseas.

The Company has adopted an Anti-Bribery and Corruption Policy, the Policy provides an overview of requirements arising from Foreign Bribery Laws and the various laws prohibiting fraudulent and corrupt behaviour generally. This Policy is intended to be a commonsense manual to enable Deep Yellow employees and Representatives to understand and comply with their obligations under these laws.

The Company is committed to ensuring that its corporate culture, in all of its offices and operations worldwide, discourages fraudulent and corrupt conduct. Notwithstanding laws to the contrary, the fact that bribery and corruption may be tolerated or encouraged in some of the countries in which Deep Yellow operates does not affect a commitment to best business practice.

The Company's Anti-bribery and Corruption Policy can be found on its website under Corporate Governance.

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The table below summarises the status of the Company's compliance with each of the recommendations contained in the ASX Principles and Recommendations, and discloses reasons for non-compliance where necessary. (if not why not)

ASX Principles and Recommendations		Status
<b>1</b>	<b>Lay solid foundations for management and oversight</b>	
1.1	Companies should establish and disclose the respective roles and responsibilities of Board and management and those matters expressly reserved to the Board and those delegated to Management.	Compliant. The role of the Board, delegations of authority, and powers of the Board have been formalised in the Board Charter, and have been disclosed on the Company website
1.2	A listed entity should: <ul style="list-style-type: none"> <li>Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</li> <li>Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	Compliant. The Board will ensure that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the persons character, experience, education, criminal record and bankruptcy history. Security holders will be provided with all relevant information in the Board's possession, relevant to a decision on whether or not to elect or re-elect a Director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Compliant. The Company has a written agreement with each Director setting out the terms of their appointment.
1.4	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.	Compliant. The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
1.5	A listed entity should: <ul style="list-style-type: none"> <li>Have a diversity policy which includes requirements for the Board or a relevant committee of 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</li> <li>Disclose that policy or a summary of it</li> <li>Disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board, and the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including a definition of 'senior executive')</li> </ul>	Compliant. A copy of the Diversity Policy is available to be viewed on the Company's website.  Measureable objectives and gender analysis is disclosed in the Corporate Governance Statement.
1.6	A listed entity should: <ul style="list-style-type: none"> <li>Have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors</li> <li>Disclose in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process</li> </ul>	Compliant. The Company has a formal process for the evaluation of the effectiveness, processes and structure of the Board. The review process takes place annually and has been completed for the 2016 financial year.
1.7	A listed entity should: <ul style="list-style-type: none"> <li>Have and disclose a process for periodically evaluating the performance of its senior executives</li> <li>Disclose in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process</li> </ul>	Compliant. The Company undertakes a formal evaluation of the performance of the senior executives. The Chairman assesses the performance of the Board and individual directors on an informal basis and the Managing Director assess the performance of key executives.
<b>2</b>	<b>Structure the Board to add value</b>	
2.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>Have a nomination committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>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, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively</li> </ul>	Non-Compliant. The Board carries out the functions of a Nomination Committee in respect of the selection and appointment process for Directors. While this does not comply with Recommendation 2.1 of the Corporate Governance Council which recommends having a separate Nomination Committee, the Board considers that the Company is not of a size to justify the establishment of a separate committee. It is therefore more appropriate for such responsibilities to be met by the full Board rather than a separate committee.  The Board reviews its composition annually in the context of changes in the growth and development of the Company. Succession planning is considered in the same light and frequency.



2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership	Compliant. The Board reviews its composition and has assessed a matrix of key skills and diversity which match its current stage of development.
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>The names of the directors considered by the Board to be independent directors</li> <li>If a director has an interest, position, association or relationship of the type described in Box 23 (independence guidelines) but the Board is of the opinion that it does not compromise the independence of the director, the nature of the relationship and an explanation of why the Board is of that opinion</li> <li>The length of service of each director</li> </ul>	Compliant. The Board makes the relevant disclosures recommended at 2.3. The disclosures are made both in the Director Report in the Annual Report and in the Corporate Governance Statement.
2.4	A majority of the Board of a listed entity should be independent directors	Compliant. The Board currently comprises 5 directors, three of whom are independent. The Board believes that its composition is appropriate at the current time.
2.5	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	Compliant. The Company's Chairman, Mr. Rudolf Brunovs, is an independent Non-Executive director in accordance with the ASX Principles and Recommendations. In addition the Company has a separate CEO/Managing Director.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively	Non-Compliant. The Company does not have a formal induction program for inducting new directors. However new directors are provided with considerable information relating to their roles and responsibilities as well as industry and company specific information. This approach is disclosed in the Board Charter and in the Corporate Governance Statement.
<b>3</b>	<b>Act ethically and responsibly</b>	
3.1	A listed entity should: <ul style="list-style-type: none"> <li>Have a code of conduct for its directors, senior executives and employees, and</li> <li>Disclose that code or a summary of it</li> </ul>	Compliant. The Company's Board Charter and Code of Conduct addresses these practices and issues, and is included on the Company's website.
<b>4</b>	<b>Safeguard integrity in corporate reporting</b>	
4.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>Have an audit committee which has at least 3 members (all of whom are non-executive directors and a majority independent), be chaired by an independent director who is not Chair of the Board, disclose the committee charter, the relevant qualifications and experience of the members of the committee, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>If it does not have an audit committee disclose that fact and the processes it employs that independent verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner</li> </ul>	Non-Compliant. The Board has established an Audit Committee and it has three members all of whom are non-executive and independent. However, the Chairman is also the Chairman of the Board. As a result the Company does not comply with recommendation 4.1.  It is the view of the Board that the Audit Committee has the skills and experience to discharge its responsibilities in this area.
4.2	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, 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	Compliant. The Board receives a declaration from the Managing Director and Financial Controller before approving the financial statements to be disclosed for the full year, half year and for each quarterly report.
4.3	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	Compliant. The external auditor attends the Company's AGM.
<b>5</b>	<b>Make timely and balanced disclosure</b>	
5.1	A listed entity should: <ul style="list-style-type: none"> <li>Have a written policy for complying with its continuous disclosure obligations and the listing rules, and</li> <li>Disclose that policy or a summary of it</li> </ul>	Compliant. The Company's policies and procedures for compliance with the ASX Listing Rule disclosure requirements are included in the Company's Continuous Disclosure Policy and Procedure document on the Company website.

<b>6</b>	<b>Respect the rights of security holders</b>	
6.1	A listed entity should provide information about itself and its governance to investors via its website	Compliant. The Company has a Shareholder Communications Policy and shareholder communication with the Company is encouraged.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors	Compliant. Disclosed in Shareholder Communications Policy on the Company's website.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	Compliant. Disclosed in Shareholder Communications Policy on the Company's website.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically	Compliant. The Company encourages the use of electronic means of communications. Refer to the Shareholder Communications Policy on the Company's website.
<b>7</b>	<b>Recognise and manage risk</b>	
7.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>Have a committee, or committees, to oversee risk, each of which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>If it does not have a risk committee, or committees that satisfy the above requirements, disclose that fact and the processes it employs for overseeing the entity's risk management framework</li> </ul>	Non-Compliant. The Company has not appointed a separate committee to oversee risk, however the whole Board acts in this capacity.  The Board has implemented a Risk Strategy incorporating the following components: <ul style="list-style-type: none"> <li>- Risk Policy;</li> <li>- Risk Management Strategy; and</li> <li>- Risk Framework.</li> </ul> The Company's Risk Policy is disclosed on the Company's website.  The Board has delegated the responsibility for identifying and managing risks to the Managing Director and the senior executive team. A review of the Risk Register is carried out bi-annually at the time of considering and approving the financial statements.
7.2	The Board, or committee, of the Board should: <ul style="list-style-type: none"> <li>Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and</li> <li>Disclose in relation to each reporting period whether such a review has taken place</li> </ul>	Compliant. During the Financial year, the Board has received a report from Management setting out material business risks and has reviewed the Company's Risk Management Framework during the financial year.
7.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>If it has an internal audit function, how the function is structured and what role it performs, or</li> <li>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</li> </ul>	Compliant. The Company does not have an internal audit function.  The Board oversees a risk management strategy and will review the strategy on an annual basis and the material risk register every six months.  The Company has a sound system of internal controls for an organisation of its size which is monitored by senior executives and the Board.
7.4	A listed entity should disclose whether it has any material exposure and social sustainability risks, and if it does, how it manages or intends to manage those risks	Compliant. Disclosed in the Company's Corporate Governance Statement.
<b>8</b>	<b>Remunerate fairly and responsibly</b>	
Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear		
8.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>Have a remuneration committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>If it does not have a remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive</li> </ul>	Compliant. The Board has a Remuneration Committee comprised of 3 non-executive Directors, the majority are independent and the Chairperson is also an independent Director.  The Remuneration Committee's Charter is disclosed on the Company's website.

8.2	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	Compliant. The Company separately discloses its policy on remuneration in the Corporate Governance Statement and in the Remuneration section of its Directors Report in the Company's Annual Report.
8.3	A listed entity which has an equity based remuneration scheme should: <ul data-bbox="343 454 821 591" style="list-style-type: none"><li>• 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 and participation in the scheme, and</li><li>• Disclose that policy or a summary of it</li></ul>	Compliant. The Company's Securities Trading Policy specifically prohibits the use of derivatives by the Company's employee's.