
CORPORATE GOVERNANCE STATEMENT

The Board believes that, while the Chairman is not deemed to be independent (as a result of holding an executive position within the Company within the last 3 years), there is a sufficient number of directors that are deemed to be independent, and he is the most appropriate person to fulfil the role.

The role and responsibilities of the Chief Executive Officer is discharged by Ms Belogortseva. The Board considers relevant industry experience and specific expertise important in providing strategic guidance and oversight of the Company. Mr Belogortseva assumed the role of Chief Executive Officer Mr Osipov's termination as Chief Executive Officer on 26 October 2014.

The term in office held by each director in office at the date of this report is as follows:

Mr A. Sage	11 years, 2 month	(Chairman)
Mr F. Timis	6 years, 9 months	(Non-Executive Director)
Mr T. Turner	11 years, 2 month	(Non-Executive Director)

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

Remuneration arrangements

Review of the Company's remuneration policy is delegated to the Remuneration and Nomination Committee. The total maximum remuneration of non-executive directors, which may only be varied by Shareholders in general meeting, is an aggregate amount of US\$325,174 (A\$450,000) per annum. The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company.

Performance

Review of the performance of the Board is delegated to the Nomination Committee.

The Board has established formal practices to evaluate the performance of the Board, committees, non-executive directors, the Chief Executive Officer, and senior management. Details of these practices are described in the Corporate Governance Plan available on the Company's website. No formal performance evaluation of the Board, individual directors or senior management took place during the year.

Code of Conduct

The Company has in place a code of conduct which aims to encourage appropriate standards of behaviour for directors, officers, employees and contractors. All are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The directors are subject to additional code of conduct requirements.

Audit and Risk Committee

The Company has appointed an Audit and Risk Committee. The members of the committee during the year were:

- Mr T. Turner (Chairman)
- Mr A. Sage

The skills, experience and expertise of each committee member at the date of the annual report is included in the Directors' Report.

The Committee has specific powers delegated under the Company's Audit and Risk Committee charter. The charter sets out the Audit and Risk Committee's function, composition, mode of operation, authority and responsibilities.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

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Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee with specific powers delegated under the Company's Remuneration Committee Charter. The charter sets out the committee's function, composition, mode of operation, authority and responsibilities. The members of the committee during the year were:

- Mr A. Sage (Chairman)
- Mr T. Turner

The skills, experience and expertise of each committee member at the date of the annual report is included in the Directors' Report.

Continuous Disclosure Policy

The Company has adopted a policy concerning continuous disclosure. The policy outlines the disclosure obligations of the Company as required under the Corporations Act and the applicable Listing Rules. The Company is committed to:

- (a) complying with the general and continuous disclosure principles contained in the Corporations Act and applicable Listing Rules;
- (b) preventing the selective or inadvertent disclosure of material price sensitive information;
- (c) ensuring shareholders and the market are provided with full and timely information about the Company's activities; and
- (d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

Nominated Advisor

In accordance with the rules of NSX, the Company has appointed Steinepreis Paganin Lawyers and Consultants as its nominated advisor (**NOMAD**). Steinepreis Paganin are consulted and advise on announcements issued by the Company that are price sensitive.

Continuous Disclosure Committee

In accordance with its existing corporate governance policies, the Company has established a Continuous Disclosure Committee which prepares (in conjunction with other relevant parties including technical consultants) and recommends all announcements for final approval and sign off by Mr A. Sage (Chairman). In the case of price sensitive announcements the NOMAD reviews and approves the announcement before being released to the exchange.

This committee and the NOMAD (together with other relevant parties including technical consultants) complement and strengthen the continuous disclosure policy currently in place. The members of the Continuous Disclosure Committee during the year were:

- Mr A. Sage (Chairman)
- Mr T. Turner

The skills, experience and expertise of each committee member at the date of the annual report is included in the Directors' Report.

A quarterly declaration is made by the Chairman and Chief Executive Officer certifying that the Board has reviewed the Company's operations during the quarter and declares that, in the opinion of the Board, there are no issues that require additional disclosure by the Company and that the market is fully informed in accordance with the Company's continuous disclosure obligations under the Listing Rules in respect of the prospects and activities of the Company.

Health, Safety, Social and Environmental Committee

Although the ultimate responsibility for establishing Health, Safety, Social and Environmental ("HSSE") policies shall remain with the Board, the Company has established a Health, Safety, Social and Environmental Committee which is responsible for:

- (a) formulating and recommending to the Board the policy for HSSE issues as they affect the Group's operations;
- (b) reviewing management investigations of incidents or accidents that occur in order to assess whether HSSE policy improvements are required; and

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(c) inviting specialists with appropriate technical expertise to attend HSSE Committee meetings.

The skills, experience and expertise of each committee member at the date of the annual report is included in the Directors' Report. Following the resignation of the members of the Health, Safety, Social and Environmental Committee, Mr A. Sage oversees the responsibilities of the committee until a replacement committee can be established.

Risk Management Program

The Company's primary objective in relation to risk management is to ensure that risks facing the business are appropriately managed. The Board and senior management are committed to managing risks in order to both minimise uncertainty and to maximise its business opportunities. The function and responsibility for maintaining the Company's risk management systems is delegated to the Company's Audit and Risk Committee.

Further information regarding the risk management program can be found in the Corporate Governance Plan available on the Company's website.

Securities Trading Policy

The Company has developed a policy for the sale and purchase of its securities. This policy imposes constraints on directors and senior executives of the Company dealing in securities of the Company. It also imposes disclosure requirements on directors.

Under the Company's Securities Trading Policy, a director, executive or other employee must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

In addition, directors and senior executives may not trade in securities during designated "Blackout Periods" without the prior written consent from the Board or Chairman in the circumstances of "severe financial hardship" or other exceptional circumstances. The "Blackout Periods" are:

- within the period of one (1) month prior to the release of annual or half yearly results; and
- if there is in existence price sensitive information that has not been disclosed because of an NSX exception.

Before commencing to trade, a director or senior executive must obtain the approval of the Chairman (in the case of a director) or the Chief Executive Officer or Chairman (in the case of a senior executive) of their intention to do so.

As is required by the NSX Listing Rules, the Company notifies the NSX of any transaction conducted by a director in the securities of the Company.

Shareholder Communication

The Company has adopted a shareholder communication strategy to set out the Company's policy for communicating with its shareholders.

The purpose of the policy is to ensure the Company deals fairly, transparently and promptly with its current and prospective shareholders, encourages and facilitates active participation by shareholders at shareholder meetings and deals promptly with shareholder enquiries