

**Corporate Governance Statement**

WAG Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed. Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board.

The Company is currently in the process of re-designing its website and will make relevant corporate governance policies and procedures available on it once this process is completed. The Corporate Governance Charter is available for inspection at the Company's registered office and principle place of business.

**Corporate Governance Compliance**

A description of the Company's main corporate governance practices are set out below. The Company has considered the ASX Corporate Governance Principles and the corresponding Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

**Disclosure of Corporate Governance Practices - Summary Statement**

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 1.3		✓
Recommendation 2.1	✓	
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 2.6		✓
Recommendation 3.1	✓	
Recommendation 3.2		✓
Recommendation 3.3		✓
Recommendation 3.4	✓	
Recommendation 3.5		✓
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3	✓	
Recommendation 4.4		✓
Recommendation 5.1	✓	
Recommendation 5.2		✓
Recommendation 6.1	✓	
Recommendation 6.2		✓
Recommendation 7.1	✓	
Recommendation 7.2		✓
Recommendation 7.3	✓	
Recommendation 7.4		✓
Recommendation 8.1		✓
Recommendation 8.2		✓
Recommendation 8.3	✓	
Recommendation 8.4		✓

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**Disclosure – Principles & Recommendations**

**Principle 1 – Lay solid foundations for management and oversight**

**Recommendation 1.1:**

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

**Disclosure:**

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board. Due to the size of the Company and current operations there is no CEO and it is the intention to appoint a CEO when required, however, the Corporate Governance Charter contains a statement of practices and processes the Board has adopted to discharge its responsibilities. It includes the processes the Board has implemented to undertake its own tasks and activities, the matters it has reserved for its own consideration and decision-making, the authority delegated to the CEO, including limits on how the CEO can execute that authority and provides guidance on the relationship between the Board and the CEO.

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business; and
- compliance with constitutional documents.

The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business.

Some Board functions are handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

**Recommendation 1.2:**

Companies should disclose the process for evaluating the performance of senior executives.

**Disclosure:**

The Board (and when appointed the CEO) is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

There was no performance evaluation of the senior executives to date as the Company had no senior executives other than members of the board who managed the Company.

**Recommendation 1.3:**

Companies should provide the information indicated in the Guide to reporting on Principle 1:

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**Disclosure:**

The Company is currently in the process of re-designing its website and will make the board charter, which includes areas of delegated authority, available on it once this process is completed. The Corporate Governance Charter is available for inspection at the Company's registered office and principle place of business.

**Principle 2 – Structure the board to add value**

**Recommendation 2.1:**

A majority of the Board should be independent directors.

**Disclosure:**

Given the current composition of the Board the Company complies with this recommendation, with only Mr Frederick (Eric) Ng not considered to be an independent director based on his shareholding and executive role in the Company. The other two directors, Steven Pynt and Michael Pixley were determined to be independent.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does currently conform to its policy.

**Recommendation 2.2:**

The Chair should be an independent director.

**Disclosure:**

The position of Chair is currently vacant. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

**Recommendation 2.3:**

The roles of the Chair and CEO should not be exercised by the same individual.

**Disclosure:**

The role of the Chairman and the CEO are not exercised by the same person. The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

**Recommendation 2.4:**

The Board should establish a Nomination Committee.

**Disclosure:**

A nomination committee has not been established. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

**Recommendation 2.5:**

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

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**Disclosure:**

The Chairman is responsible for evaluation of the CEO, the Board and the committees.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance. Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

**Recommendation 2.6:**

Companies should provide the information indicated in the Guide to reporting on Principle 2.

**Disclosure:**

**Skills, Experience, Expertise and term of office of each Director and re-election procedure**

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report (contained in the Company's 2013 Annual Report) as well as the Company's website.

In accordance with the Constitution, one third of the directors retire by rotation each year and may offer themselves for re-election.

In determining candidates for the Board the Nomination Committee considers the procedure as detailed in the Board Charter and the skills and qualifications of potential candidates that will best enhance the Board's effectiveness taking into consideration the current composition of the Board.

**Identification of Independent Directors**

Refer to recommendation 2.1 above. Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

**Statement concerning availability of Independent Professional Advice**

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

**Principle 3 – Promote ethical and responsible decision-making**

**Recommendation 3.1:**

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

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**Disclosure:**

The Company has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

**Recommendation 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 for the Board to assess annually both the objectives and progress in achieving them.

**Disclosure:**

The Board supports diversity but the Company has not yet developed a policy. It is the Board's intention to develop a policy at a time when the size of the Company and its activities warrants such a structure.

**Recommendation 3.3:**

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

**Disclosure:**

The Board supports diversity but the Company has not yet developed a policy.

**Recommendation 3.4:**

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.

**Disclosure:**

The Company currently does not have any female employees. The Company remains committed to filling available positions, including senior and Board positions, as they arise with appointments based on an individual's capability to enhance the contributions of the existing Board and executive team.

**Recommendation 3.5:**

Companies should provide the information indicated in the Guide to reporting on Principle 3:

**Disclosure:**

The Company is currently in the process of re-designing its website and will make the Corporate Governance Charter available on it once this process is completed. The Corporate Governance Charter is available for inspection at the Company's registered office and principle place of business.

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**Principle 4 – Safeguard integrity in financial reporting**

**Recommendation 4.1**

The Board should establish an Audit Committee.

**Disclosure:**

An audit committee has not been established.

The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

**Recommendation 4.2:**

The Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

**Disclosure:**

There is no audit committee. However, if one was established the Board policy is that it would have two (2) members who are non-executive directors. This structure would comply with the structure set out in the Board Charter adopted by the Company but not with the ASX Corporate Governance Principles and the corresponding Recommendations.

**Recommendation 4.3:**

The Audit Committee should have a formal charter.

**Disclosure:**

The Company has an Audit Committee Charter although this is currently administered by the Board.

**Recommendation 4.4:**

Companies should provide the information indicated in the Guide to reporting on Principle 4.

**Disclosure:**

There is no Audit Committee and the whole Board acts in this capacity in accordance with the Board Charter.

When established, the Audit Committee plans to hold a minimum of 3 meetings per year. It is intended that the Company's auditor will be invited to attend all Audit Committee meetings held during the financial year.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

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The Company is currently in the process of re-designing its website and will make the Corporate Governance Charter, which includes the audit committee charter, available on it once this process is completed. The Corporate Governance Charter is available for inspection at the Company's registered office and principle place of business.

**Principle 5 – Make timely and balanced disclosure**

**Recommendation 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.

**Disclosure:**

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

**Recommendation 5.2:**

Companies should provide the information indicated in the Guide to reporting on Principle 5:

**Disclosure:**

The Company is currently in the process of re-designing its website and will make the Corporate Governance Charter, which includes the continuous disclosure policies and procedures, available on it once this process is completed. The Corporate Governance Charter is available for inspection at the Company's registered office and principle place of business.

**Principle 6 – Respect the rights of shareholders**

**Recommendation 6.1:**

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

**Disclosure:**

The Company has a Shareholder Communications Policy contained within the Policy on Continuous Disclosure.

Shareholders are encouraged to attend and participate in general meetings.

**Recommendation 6.2:**

Companies should provide the information indicated in the Guide to reporting on Principle 6:

**Disclosure:**

The Company is currently in the process of re-designing its website and will make the Corporate Governance Charter, which includes the shareholder communications policy, available on it once this process is completed. The Corporate Governance Charter is available for inspection at the Company's registered office and principle place of business.

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**Principle 7 – Recognise and manage risk**

**Recommendation 7.1:**

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

**Disclosure:**

The Board has adopted a Risk Management Policy.

As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
  - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
  - litigation and claims; and
  - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

**Recommendation 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.

**Disclosure:**

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of the reporting procedures, management report to the Board confirming that those risks are being managed effectively.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by the Board as at the date of this report.

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**Recommendation 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.

**Disclosure:**

Due to the size of the Company, the Board will sign the declaration in accordance with section 295A of the Corporations Act. The declaration is made and 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 risk.

**Recommendation 7.4:**

Companies should provide the information indicated in the Guide to reporting on Principle 7:

**Disclosure:**

The Company is currently in the process of re-designing its website and will make the Corporate Governance Charter, which includes the company's policies on risk oversight and management of material business risks, available on it once this process is completed. The Corporate Governance Charter is available for inspection at the Company's registered office and principle place of business.

**Principle 8 – Remunerate fairly and responsibly**

**Recommendation 8.1 and 8.2:**

The Board should establish a Remuneration Committee. The Remuneration Committee should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent Chair; and
- has at least three members.

**Disclosure:**

A Remuneration Committee has not been established.

The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

**Recommendation 8.3:**

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

**Disclosure:**

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation). There are currently no options issued to non-executive directors.

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Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

**Recommendation 8.4:**

Companies should provide the information indicated in the Guide to reporting on Principle 8:

**Disclosure:**

The Company is currently in the process of re-designing its website and will make the Corporate Governance Charter, which includes the remuneration committee's role, rights, responsibilities and membership requirements, available on it once this process is completed. The Corporate Governance Charter is available for inspection at the Company's registered office and principle place of business.

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