

OZGROWTH LIMITED

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (Best Practice Recommendations). The Best Practice Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Best Practice Recommendations.

The Board of the Company currently has in place a corporate governance policy which is posted in a dedicated corporate governance information section of the Company's website at www.ozgrowth.com.au.

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	Lay solid foundations for management and oversight	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	The Company's proposed Corporate Governance Statement includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Executive Director.
2.	Structure the board to add value	
2.1	A majority of the board should be independent directors.	Whilst less than half of the current Board are independent directors (which is not in accordance with the best practice recommendations), the directors consider that the current structure and composition of the Board is appropriate to the size and nature of the Company.
2.2	The chairperson should be an independent director.	It is acknowledged that the ASX recommends that the Chairman should be an independent Director (as defined by ASX). It is the Board's view, however, that the current Chairman (Mr Peter Diamond) remains the most appropriate person to fulfil this role in the best interests of the Company and its shareholders, even though he is not an independent Director.

2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The Company currently has one Executive, Mr Philip Rees, who is also a Director. Mr Peter Diamond is Non-executive Chairman.
2.4	The board should establish a nomination committee.	The Board, as a whole, serves as a nomination committee.
2.5	Provide the information indicated in Guide to Reporting on Principle 2.	Where necessary, the nomination committee seeks advice of external advisers in connection with the suitability of applicants for Board membership. The Company will provide details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its future annual reports. The Corporate Governance Statement is to be posted on the Company's website.
3.	Promote ethical and responsible decision-making	
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: (a) the practices necessary to maintain confidence in the company's integrity; and (b) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company's proposed Corporate Governance Statement includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. The Corporate Governance Statement is to be posted on the Company's website.
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	The Company's current corporate governance policy includes guidelines for buying and selling securities in the Company. The Corporate Governance Statement is to be posted on the Company's website.
3.3	Provide the information indicated in Guide to	The Company will explain any departures (if any) from best practice

	Reporting on Principle 3.	recommendations 3.1, 3.2 and 3.3 in its future annual reports. The Corporate Governance Statement is to be posted on the Company's website.
4.	Safeguard integrity in financial reporting	
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	The Board requires the Executive Director to make such a statement at the relevant time.
4.2	The board should establish an audit committee.	The Board has an audit committee.
4.3	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members.	Due to the size of the Board and the number of independent directors available, the Audit Committee does not consist of a majority of independent directors. However, the Board considers that it is able to adequately carry out its duties.
4.4	The audit committee should have a formal charter.	The Company's Corporate Governance Policy includes a formal charter for the audit committee.
4.5	Provide the information indicated in Guide to Reporting on Principle 4.	The Company will provide details of the members of the audit committee, the number of meetings of the audit committee and the names of the attendees, together with an explanation of any departures from best practice recommendations 4.1, 4.2, 4.3, 4.4 and 4.5 (if any) in its future annual reports.

		The Corporate Governance Statement is to be posted on the Company's website.
5.	Make timely and balanced disclosure	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Company has a continuous disclosure program in place designed to ensure the factual presentation of the Company's financial position.
5.2	Provide the information indicated in Guide to Reporting on Principle 5.	The Company will provide an explanation of any departures from best practice recommendations 5.1 and 5.2 (if any) in its future annual reports.
6.	Respect the rights of shareholders	The Corporate Governance Statement is to be posted on the Company's website.
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	The Company's Corporate Governance Statement includes a shareholder communications strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	The Board will request the external auditor to attend all future annual general meetings of the Company to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
7.	Recognise and manage risk	
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to	The Board will consider whether it is appropriate to require the Executive Director (or their equivalent) to provide such a statement at the relevant time.

	<p>the board in writing that:</p> <p>(a) the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and</p> <p>(b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</p>	
7.3	Provide the information indicated in Guide to Reporting on Principle 7.	<p>The Company will provide an explanation of any departures from best practice recommendations 7.1, 7.2 and 7.3 (if any) in its future annual reports.</p> <p>The Corporate Governance Statement is to be posted on the Company's website.</p>
8.	Encourage enhanced performance	
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	The Board has developed a formal process for performance evaluation of the Board and the committees.
9.	Remunerate fairly and responsibly	
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	The Company has developed a formal remuneration policy which deals with these matters.
9.2	The board should establish a remuneration committee.	The Company has not established a remuneration committee due to its size structure. When establishing and reviewing the remuneration of Directors and Senior Management the Company will apply the broad principles of a fair and equitable

<p>standard of remuneration commensurate with qualifications and experience each member brings to the Company. Directors that have a direct or vested interest in the establishment and review of remuneration will not be included in the process.</p> <p>Independent Non-executive directors are paid a set fee of \$50,000 per annum per annum. Other Non-executive Directors and Executive Directors are not paid by the Company.</p> <p>The Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount of \$250,000 per annum.</p>		
<p>9.3</p> <p>Clearly distinguish the structure of non-executive directors' remuneration from that of executives.</p>		
<p>9.4</p> <p>Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.</p>		
<p>9.5</p> <p>Provide the information indicated in Guide to Reporting on Principle 9.</p>	<p>The Company has no intentions in relation to payment of equity based executive remuneration at this time.</p> <p>The Board will consider what information to include in the corporate governance section of the Company's annual report in respect of remuneration policies at the relevant time.</p> <p>The Company does not currently have in existence any schemes for retirement benefits.</p> <p>The Company will explain any departures from best practice recommendations 9.1, 9.2, 9.3 and 9.4 in its future annual reports.</p>	
<p>10.</p> <p>Recognise the legitimate interests of stakeholders</p>		<p>The Company has established a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.</p>