



OAKAJEE CORPORATION

Oakajee Corporation Ltd

Corporate Governance Statement

Corporate Governance is a matter of high importance in the Company and is undertaken with due regard to all of the Company's stakeholders and its role in the community. The key corporate governance practices of the Company are summarised below.

1 Board of Directors

1.1 Role of the Board and Management

- 1.1.1 The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. The Board believes that this focus will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.
- 1.1.2 The Board is responsible for ensuring that the Company is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive, role.
- 1.1.3 The Board is responsible for evaluating and setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Company.
- 1.1.4 The Board has sole responsibility for the following:
 - (i) appointing and removing the Managing Director and approving senior executive remuneration;
 - (ii) determining the strategic direction of the Company and measuring performance of management against approved strategies;
 - (iii) review of the adequacy of resources for management to properly carry out approved strategies and business plans;

- (iv) adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress against them;
- (v) monitoring capital and cash flow requirements;
- (vi) approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- (vii) determining that satisfactory arrangements are in place for auditing the Company's financial affairs; and
- (viii) ensuring that risk management and internal controls, policies and compliance systems consistent with the Company's objectives, external best practice and the Company's size and scope of operations are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

1.1.5 The Board's role and the Company's corporate governance practices are being continually reviewed and improved as required.

1.2 Composition of the Board and New Appointments

1.2.1 The Company's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any share holding qualification.

1.2.2 The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of an independent Non-Executive Chairman. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. The Board will elect a Chairman for each board meeting and each general meeting of shareholders that it holds.

1.2.3 The composition of the Board is reviewed periodically in view of the underlying scale, scope and complexity of the Company's operations. Changes are made where appropriate.

1.2.4 The membership of the Board and its activities are subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake the Board's duties and responsibilities.

1.2.5 Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director) is subject to reappointment by shareholders. At each annual general meeting one-third of the directors (except for the managing director), or, if their number is not three or a multiple of three, then the number nearest but not exceeding one-third, shall retire from office by rotation. . Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Committees of the Board

1.3.1 The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

1.3.2 The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

1.3.3 If the Company's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

1.4 Conflicts of Interest

1.4.1 In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

1.5 Independent Professional Advice

1.5.1 The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Board and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

2 Ethical Standards

The Board acknowledges the need for continued maintenance of a professional standard of corporate governance practice and ethical conduct by all Directors and employees of the Company.

2.1 Code of Conduct for Directors

2.1.1 The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

2.1.2 The principles of the Code are:

- (i) A Director must act honestly, in good faith and in the best interests of the company as a whole.
- (ii) A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- (iii) A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- (iv) A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- (v) A Director must not make improper use of information acquired as a Director.
- (vi) A Director must not take improper advantage of the position of Director.
- (vii) A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- (viii) A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- (ix) Confidential information received by a Director in the course of the exercise of Directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- (x) A Director should not engage in conduct likely to bring discredit upon the Company.
- (xi) A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

2.1.3 The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are

also obliged to comply with the Company's Code of Conduct, as outlined below.

2.2 Code of Conduct

2.2.1 The Company has implemented a Code of Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

2.2.2 All employees and Directors are expected to:

- (i) respect the law and act in accordance with it;
- (ii) respect confidentiality and not misuse company information, assets or facilities;
- (iii) value and maintain professionalism;
- (iv) avoid real or perceived conflicts of interest;
- (v) act in the best interests of shareholders;
- (vi) by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- (vii) perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- (viii) exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- (ix) act with honesty, integrity, decency and responsibility at all times.

2.2.3 An employee that breaches the Code of Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must notify that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

2.3 Dealings in Company Securities

2.3.1 The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors of the Company and employees who possess inside information.

2.3.2 'Inside information' is information that:

- (i) Is not generally available; and

- (ii) if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

2.3.3 If an employee possesses inside information, the person must not:

- (i) trade in the Company's securities;
- (ii) advise others or procure others to trade in the Company's securities;

or

- (iii) pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

2.3.4 This prohibition applies regardless of how the employee or Director learns the information.

2.3.5 In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 2 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

2.3.6 Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

2.4 Interests of Other Stakeholders

2.4.1 The Company's objective is to maximise returns to shareholders through the extraction, manufacture and supply of building materials to the retail housing, commercial land development and industrial sectors in Australia.

2.4.2 To assist in meeting its objective, the Company conducts its business within the Code of Conduct, as outlined in 2.2 above.

3 Disclosure of Information

3.1 Continuous Disclosure to ASX

3.1.1 The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

3.1.2 Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

3.1.3 Information is not material and need not be disclosed if:

(i) a reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed; and

(ii) the information is confidential; or

one of the following applies:

(iii) It would breach a law or regulation to disclose the information;

(iv) The information concerns an incomplete proposal or negotiation;

(v) The information comprises matters of supposition or is insufficiently definite to warrant disclosure;

(vi) The information is generated for internal management purposes;

(vii) The information is a trade secret;

(viii) It would breach a material term of an agreement, to which the company is a party, to disclose the information;

(ix) It would harm the Company's potential application or possible patent application; or

(x) The information is scientific data that release of which may benefit the Company's potential competitors.

3.1.4 The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

3.2 Communication with Shareholders

3.2.1 The Company places considerable importance on effective communications with shareholders.

- 3.2.2 The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company to shareholders.
- 3.2.3 Mechanisms employed include:
- (i) announcements lodged with ASX;
 - (ii) ASX Quarterly Cash Flow Reports;
 - (iii) Half Yearly Report;
 - (iv) presentations at the Annual General Meeting/General Meetings; and
 - (v) Annual Report.
- 3.2.4 The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.
- 3.2.5 The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

4 Risk Management

4.1 Identification of Risk

- 4.1.1 The Board is responsible for overseeing the Company's risk management and control framework. The Board adopts an active approach to risk management which recognises that the Company is engaged in activities, which necessarily demand that the Company take certain usual business, entrepreneurial and operational risks. Accordingly, and in the interests of the enhanced performance of the Company, the Board embraces a responsible approach to risk management, as a risk-aware Company, and not a risk-averse one. In doing so, the main material risks confronting the company, as identified by the Board, are those set out in the Company's prospectus.
- 4.1.2 Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.
- 4.1.3 Arrangements put in place by the Board to monitor risk management include:
- (i) monthly reporting to the Board in respect of operations and the financial position of the Company;
 - (ii) Budgetary expenditure controls;

- and
 - (iii) Review of insurance requirements annually and as needed;
 - (iv) Regular reporting on adherence to health and safety guidelines and policies.

4.1.4 Specifically, in managing risk, the Board and Management are to adhere to the following principles:

- (i) When considering new strategies or projects, management is to analyse the major risks of those opportunities being secured or being lost, and will consider appropriate strategies for minimising those risks where they are identified.
- (ii) The Company will, where thought prudent by the Managing Director or the Board, take appropriate external advice to determine the best way to manage a particular risk.
- (iii) Financial risk will be managed by the whole of the Board working closely with the Managing Director and the Chief Financial Officer (or equivalent), to ensure that the financial statements and other financial reporting are rigorously tested prior to submission for audit.
- (iv) To complement risk management by the Company, appropriate insurances are to be in place, and advice taken from the Company's brokers or insurers where necessary, to cover the usual risks for businesses such as that of the Company, and where practicable, to cover any particular extraordinary risks which arise in the circumstances of the Company.
- (v) The Company's approach to risk management, and the effectiveness of its implementation, is to be reviewed formally at least annually by the Board.

4.2 Integrity of Financial Reporting

4.2.1 From the date the Company listed on the ASX, the Company's Managing Director and Chief Financial Officer (or equivalent) will report in writing to the Board that:

- (i) the financial statements of the Company for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- (ii) the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (iii) the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

4.3 Role of Auditor

- 4.3.1 The Company's practice is to invite the 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.

5 Performance Review

- 5.1 The Board has adopted a self-evaluation process to measure its own performance during each financial year. Ongoing review is undertaken in relation to the composition and skills mix of the Directors of the Company.
- 5.2 Arrangements put in place by the Board to monitor the performance of the Company's executives include annual performance appraisal meetings with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

6 Remuneration Arrangements

- 6.1 The broad remuneration policy of the Company is to ensure that remuneration levels for executive Directors, secretaries and senior managers are set at competitive levels to attract and retain appropriately qualified and experienced personnel. This is a particularly important policy in view of the strong demand for experienced technical, sales and financial personnel currently being experienced in Australia and the significant impact that each individual can make within a small executive team for an industrial company such as the Company. In short, the labour market is tight and key people make a difference to profit and growth outcomes.
- 6.2 Remuneration packages offered by the Company are therefore geared to attracting talented employees through a combination of fixed remuneration and long term incentives, calibrated and individually tailored to be competitive in the external market to offer good incentive to join and remain with the Company.
- 6.3 The remuneration of Non-executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-executive Directors by other companies of similar size in the industry.
- 6.4 The aggregate amount payable to the Company's Non-executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.