

WESTOZ INVESTMENT COMPANY 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.westozfunds.com.au.

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's proposed Corporate Governance Plan 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.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will evaluate its and any sub committee's performance against specified criteria on a regular basis and at least annually.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	The Company will explain any departures from best practice recommendations 1.1 and 1.2 in its future annual reports, including whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.
2.	<i>Structure the board to add value</i>	
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. Where necessary, the nomination committee seeks advice of external advisers in connection with the suitability of applicants for Board membership.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Board will evaluate its and any sub committee's performance against specified criteria on a regular basis and at least annually.
2.6	Companies should provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	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 Plan is posted on the Company's website.
3.	<i>Promote ethical and responsible decision-making</i>	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: (a) the practices necessary to maintain confidence in the company's integrity (b) the practices necessary to take into account	The Company's proposed Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. The Corporate Governance Plan is posted on the Company's website.

	<p>their legal obligations and the reasonable expectations of their stakeholders</p> <p>(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	<p>The Company's current Corporate Governance Plan includes guidelines for buying and selling securities in the Company.</p> <p>The Corporate Governance Statement is to be posted on the Company's website.</p>
3.3	Companies should provide the information indicated in <i>Guide to Reporting on Principle 3</i> .	<p>The Company will explain any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 in its future annual reports.</p> <p>The Corporate Governance Plan is posted on the Company's website.</p>
4.	<i>Safeguard integrity in financial reporting</i>	
4.1	The board should establish an audit committee	The Board has an established audit committee.
4.2	<p>Structure the audit committee so that it consists of:</p> <p>(a) only non-executive directors;</p> <p>(b) a majority of independent directors;</p> <p>(c) an independent chairperson, who is not chairperson of the board; and</p> <p>(d) at least three members.</p>	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. The composition, roles and responsibilities of the audit committee are set out in the Corporate Governance Plan which is posted on the Company's website.
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes a formal charter for the audit committee.

4.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 4</i> .	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 and 4.3 in its future annual reports. The Corporate Governance Plan is to be posted on the Company's website.
5.	<i>Make timely and balanced disclosure</i>	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The Company will provide an explanation of any departures from best practice recommendation 5.1 in its future annual reports.
6.	<i>Respect the rights of shareholders</i>	
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.	The Company's Corporate Governance Plan includes a shareholder communications policy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Provide the information indicated in <i>Guide to Reporting on Principle 6</i> .	The Company will provide an explanation of any departures from best practice recommendation 6.1 in its future annual reports.
7.	<i>Recognise and manage risk</i>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	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 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.	The Board will require either the Executive Director or Chairman to design and implement risk management and internal control systems and provide a report at the relevant time.
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.	The Executive Director (or his equivalent) will at least annually attest to the effectiveness of the Company's management of its material business risks and will provide assurance 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 aspects in relation to financial reporting risks.
7.4	Companies should provide the information indicated in the <i>Guide to Reporting on Principle 7</i>	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.
8.	<i>Remunerate fairly and responsibly</i>	
8.1	The Board should establish a remuneration committee.	The Company has not established a remuneration committee due to its size and structure. When establishing and reviewing the remuneration of Directors and Senior Management, the Company will apply the broad principles of a fair and equitable 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.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Independent Non-executive directors are paid a set fee of \$50,000 per annum. Other Non-executive Directors and Executive Directors are not paid by the Company. The Company's constitution provides that the remuneration of non-executive

		Directors will 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.
8.4	Companies should provide information indicated in the <i>Guide to Reporting on Principle 8</i> .	The Company will provide an explanation of any departures from best practice recommendations 8.1 and 8.2 (if any) in its future annual reports.