Corporate Governance Statement

for the year ended 30 June 2015

INTRODUCTION

Solco Limited (the **Company**) is committed to implementing sound standards of corporate governance. In determining what those standards should involve, the Company has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition **(Recommendations).** A copy of the Company's Corporate Governance Charter ("Charter") has been placed on the Company's website in the Investor Centre governance section.
Set out below are the principles and recommendations contained in the Recommendations and a discussion of how they have been implemented by the Company. Certain information is contained in other sections of the Annual Report and has been referenced as appropriate.
Due to the change in activities of the Company during the financial year ended 30 June 2015, the discussion on the governance principles applied has been broken in the period prior to the acquisition of Go Group on 23 February 2015 and subsequently.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: A listed entity should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management.

The functions and responsibilities of the Board compared and those delegated to management are disclosed in the Charter. Following the Company's exit from its prior business during May 2014, the Company reduced its activity and the Board assumed a greater than normal volume of responsibilities. Effective from 11 July 2014 with the departure of the remaining staff member, all executive responsibilities were assumed by the Board.
Since the acquisition of the Go Group on 23 February 2015, the Board has delegated certain responsibilities to management in accordance with an authority delegation register. This register is reviewed by the Board on a regular basis to ensure it is consistent with the needs of an ASX listed operating business. The key functions of the Board since that time are:
a) providing leadership and approving the strategic objectives of the Company;
b) appointment and, where necessary, the removal of the Chief Executive Officer, other senior executives and their direct reports;
c) reviewing the implementation of the strategic plan and monitoring performance;
d) approval of operating budgets, including capital expenditure, approval of orders and payments over a specified amount;
e) overseeing the integrity of the entity's accounting, corporate reporting and external audits;
f) ensuring that the Company makes timely and balanced disclosures of material information;
g) setting and monitoring risk management processes and limits;
h) approval of the Company's remuneration framework, including setting the remuneration of senior executives;
i) monitoring the effectiveness of the Company's governance policies and procedures, including setting the delegated authority limits to management.

Recommendation 1.2: The Company should undertake appropriate checks before appointing or putting forward a candidate for election as a director and provide security holders with all material information in its possession relevant to that decision.

The Board has formed a Nomination and Remuneration Committee (NRC) which is charged in the terms of the Charter with oversight of employment policies and engagement of key staff and directors. As part of its role, the NRC also ensures that appropriate background checks are performed before directors are appointed to the Board or recommended to security holders. The NRC also reviews the notice of meetings to shareholders to ensure the appropriate information is communicated. Further details of the NRC's role are provided below.

Recommendation 1.3: Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.
The Company has written agreements with each Director and certain of the senior executives. As disclosed in the attached Remuneration Report, two of the senior executives employment agreements are currently under negotiation.
Each agreement provides details normally found in employment agreements, such as details of the position, remuneration and incentives provided, requirement to adhere to Company policies, to whom they report and circumstances of termination and any amounts payable.
The Company’s Corporate Governance Charter empowers a director to take independent professional advice at the expense of the Company. Details of remuneration of directors and senior management are disclosed each in the Company's Remuneration Report.

Recommendation 1.4: The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.
The Company Secretaries report to the Chair on all matters concerning the Board's activities and responsibilities, including the:
a) advising the board and its committees on governance matters;
b) monitoring that board and committee policy and procedures are followed;
c) corpora ting the timely completion and despatch of Board and committee papers;
d) ensuring business at board and committee meetings is accurately captured in the minutes;
e) assist with the induction and professional development of directors.
Directors may contact the company secretary directly (or vice versa) and the decision of their appointment or removal rests with the Board.

Recommendation 1.5: Companies should have a diversity policy which includes measurable objectives
The Company has a diversity policy (Diversity Policy) which has been agreed by the Board and the Company has directed its efforts to ensure these objectives are met on a continuous basis in all activities. The Diversity Policy, which has clearly identifiable measurable objectives, is available on the Company’s website.
The measurable objectives that underpin the Company’s commitment to increasing diversity of participation in the Company are focused on:
a) the adoption, publication and promotion of the Diversity Policy by the Company;
b) structuring recruitment and selection processes to recognise the value that diversity brings to the Company in recruiting the best candidates:
c) providing relevant and challenging professional development and training opportunities to employees;
d) providing flexible work and salary arrangements to accommodate family commitments, external study, cultural traditions and other personal choices of employees;
e) having a clear and transparent governance process around reward and recognition.
During the year the Company has directed its efforts to ensure these objectives are met, as best as possible or, where not possible, that processes and procedures are developed, amended and implemented to ensure they are met in future periods.
As at 30 June 2015 the Company’s workforce consisted of 49 employees (2014: 1), of which 25% were female (2014: nil).
As reflected in the Remuneration Report there are no senior executive positions or positions on the Board were filled by females. The Company remains committed to filling available 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 1.6: Companies should have and disclose a process for evaluating the performance of the board, its committees and individual directors.
As noted in Recommendation 1.2 the NRC responsibilities include overseeing Board and Board Committee membership, succession planning and performance evaluation, as well as Board member induction, education and development.
The process for Board, Board Committee and Director evaluation is described in the Charter. Evaluations were performed during the year on a progressive basis and are 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 have been identified.
The Board and Management Performance Enhancement Policy is also incorporated in the Charter.

Recommendation 1.7: Companies should have and disclose a process for evaluating the performance of the its senior executives
The NRC conducts periodic reviews of the job description and performance of the Managing Director/CEO according to agreed performance parameters.
In the period since 23 February 2015 no formal reviews of the CEO or senior executives was undertaken due to the short amount of time remaining in the financial year. However both the CEO and senior executives will be the required to have formal evaluations against both individual performance and overall business measures. The evaluation of senior executives will be undertaken by the CEO in conjunction with the Directors progressively and periodically. The CEO's evaluation will be undertaken by the NRC.
The Charter contains a section formally setting out the Company's Board and Management Performance Enhancement Policy, which will be applied to achieve targeted outcomes from these evaluations. The outcomes targeted include identifying skill improvement needs, description of positions of employment, remuneration reviews and where necessary remedial action.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: The board should establish a nomination committee.
Since 23 February 2015 the NRC has comprised Ian Campbell, Brian Thomas and Craig Vivian. Ian Campbell is the Chair of the committee, who is an independent director. The charter of the NRC is disclosed on the Company's web site. Details of the number of meetings held and attendance at the meetings during the financial year are provided in the attached Directors Report.

Recommendation 2.2: The Company should have an disclose a board skills and diversity matrix
The Board seeks to achieve a balance in its structure to best reflects the needs of the Company at any particular time. Appointment to the Board will be dependent on candidates demonstrating an appropriate breadth of experience in a field of expertise that is relevant to the ongoing supervision of the Company's affairs. This diversity of experience may include a commercial, technical, legal, corporate finance, business development, manufacturing or other background as the Board and management determine as part of its selection processes. The policy and process for the nomination, selection and appointment of new directors is available on the Company's website.
The Board respects independence of thought and decision making as critical to effective governance, and is satisfied that its Board composition meets these requirements.

Recommendation 2.3: The Company should disclose the names of independent directors, length of service of each director and the nature of any interests that might compromise

independence.

As of the date of this report the Board comprises of five Directors, four of which are considered to be independent:
Brian Thomas Non-executive Chairman, independent
Adam Pearse, Managing Director, non-independent
Ian Campbell Non-executive, independent director
Craig Vivian Non-executive, independent director
Lui Pangiarella, Non-executive, independent

Prior to 23 February 2015, the Board consisted of David Richardson, Ian Campbell and Craig Vivien. Mr Richardson was not considered to be an independent director based on his shareholding and previous executive role (for the period to April 2012) in the Company.
Details of directors backgrounds, interests in the securities of the Company and length of service are provided in the attached Directors Report.

Recommendation 2.4: A majority of directors should be independent
As indicated in Recommendation 2.3 above, four of the five current Directors are considered independent. Prior to 23 February 2015, two of the three Directors were considered independent.

Recommendation 2.5: The chairperson should be an independent director.
The current chairman of the full board, Brian Thomas, is considered an independent director.
Prior to 23 February 2015, Mr David Richardson was the chairman and was not considered an independent director. During that period the Board believed that notwithstanding Mr. Richardson's shareholding and his executive role during the last three years (for the period to April 2012), that the Company was best served with his acting as Chairman due to the strength of his skills, experience and commitment to that role.
Until his resignation on 11 July 2014 the role of Chief Executive Office was held Mr Anthony Coles. From that point until 23 February 2015, the Chief Executive Officer role was vacant and the duties carried out by the full board. Since the 23 February 2015, Mr Adam Pearse has held the role of Chief Executive Officer.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Companies should establish and disclose a code of conduct.
The Company has established a formal code of conduct in the Charter to guide the Directors, the CEO, the CFO and other key executives with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The Company should establish and disclose details of an audit committee, with at least three non-executive directors the majority of whom are independent and chaired by an independent who is not the chair of the board

The Board has formed an Audit and Risk Management Committee (ARMC) which currently consists of Lui Pangiarella, Brian Thomas and Craig Vivian, with Mr Pangiarella serving as the independent chairman. Brian Thomas and Craig Vivian are both non-executive, independent directors of the Company.

Prior to 23 February 2015, the ARMC members were David Richardson, Ian Campbell and Craig Vivien, with Ian Campbell acting as the independent chairman. The qualifications of the members of the ARMC and their attendance at meetings during the financial year is provided in the attached Directors' Report.
The charter of the ARMC and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, are available on the Company's website. Directors' background and attendance at meetings is contained in the attached Directors' Report.

Recommendation 4.2: The Board should obtain from the CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained, that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
For the financial year ended 30 June 2014 and the half year ended 31 December 2014, David Richardson provided the Board assurance in compliance with this Recommendation. Mr Richardson, being the Company's Chairman, acted as the CEO and CFO for the purposes of this declaration.
For the 30 June 2015 Annual Report, the current CEO and CFO have provided a similar statement as indicated above, however have limited their view in respect of financial controls and risk management to the period since their appointment, which was from 23 February 2015.

Recommendation 4.3: The Company's external auditor should attend its Annual General Meeting
Representatives from the Company's auditor, Mann Judd HLB, attended the annual general meeting held in November 2014 and were available for security holders to ask questions.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE
Recommendation 5.1: Companies should establish and disclose written policies designed to ensure compliance with ASX Listing Rule disclosure requirements
The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for compliance with those policies.
The Company's current written policies and procedures on ASX Listing Rule disclosure requirements are all set out under the heading "Release of Price Sensitive Information Policy" in the Charter.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS
Recommendation 6.1: The Company should provide information about itself and its governance to investors via its website.
The Company's web site contains details of its activities and links to the websites of its subsidiary companies. The Company's Investor Section contains copies of its annual reports and other ASX announcements, corporate governance policies and other information to assist shareholders.

Recommendation 6.2: The Company should design and implement an investor relations program to facilitate an effective two-way communication with investors.

The Company encourages shareholder input and questions throughout the year and particularly at the Company's annual general meeting. As part of the notice of meeting for the Company's annual general meeting, shareholders who may be unable to attend the meeting are invited to submit questions to be considered at the meeting. The questions and responses received, along with any others taken at the meeting, are then published on the Company's web site. There are currently approximately 1,100 shareholders of the Company and this process is considered adequate to afford all shareholders the opportunity to ask questions of the Board at least annually. At other times shareholders can contact the Company via the contact details provided on the Company's web site.

Recommendation 6.4: The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders
Policies concerning investor relations are contained on the Company's web site.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: The Company should establish and disclose details of a risk committee, with at least three non-executive directors the majority of whom are independent and chaired by an independent director
The Company has formed a single committee to oversee the audit and risks processes of the Company. Details of the membership and charter of the ARMC are provided at 4.1 above. The ARMC charter includes a formal policy on risk oversight and management.
The Company has developed an internal “Quality Manual” which includes strategies and processes towards addressing risk oversight and management.

Recommendation 7.2: The board should review the Company's risk management framework at least annually to satisfy itself that it contuse to be sound and disclose whether a review has occurred
The ARMC has engaged an external consultant with experience in the energy markets to assist in the process of reviewing and maintaining its risk management framework given the change in the Company's activities. In the period since the completion of the acquisition of Go Group, a review of existing risk management within the Company and within Go Group (as it existed prior to its acquisition) has been conducted with the assistance of the external consultant. This review has also considered the growth of the Company's customer base and the impact this growth has on key market risks. Recommendations have been made and are in the process of being implemented as of the date of this report.

Recommendation 7.3: The Company should disclose whether it has an internal audit function and if not what processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
The Company does not have an internal audit function. The effectiveness of risk management and internal control review is considered as part of the responsibilities of the ARMC, with the key elements of the process being:
a) approval by the Board of annual operating and capital budgets;
b) monthly review by the Board of financial results;
c) approval by the Board of operating and capital expenditure over certain limits;
d) approval by the Board of non-financial events in accordance with set criteria;
e) regular review by the Board of the nature and amount of transactions with parties with significant interest in the Company’s securities;
f) the ARC reviewing and advising the Board on the adequacy of risk processes and exposures.

Recommendation 7.4: The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it managements or intends to manage those risks.
The main risks that the Company has to manage are:
Energy market risk - exposure to movements in electricity pricing is currently managed by the use of short dated hedging instruments for volatile periods to within expected volume ranges specified by the ARC. Forecast loads are reviewed regularly to ensure that the current portfolio of hedges matches the forecasted customer load. Gas pricing exposure is managed by ensuring there is a pass through of wholesale (purchase) costs of gas to our customers.
Regulatory risk - energy industry regulations vary in each state and there are also national rules. Developing relationships with these bodies and having processes that expeditiously deal with issues is managed by a staff with specialised skills and knowledge in the operation of energy market rules.
Operational risk - the key operational risk is ensuring that customer billing data is received and processed on a timely basis. During the 2015 financial year processes were enhanced by the implementation of a leading industry specific billing system.
Financial risks - capital management, including the provision of prudential requirements, is a key part of providing the capability to successfully grow its business.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The Board should establish and disclose details of a remuneration committee, with at least three non-executive directors the majority of whom are independent and chaired by an independent director
Details of the NRC are discussed above, with the membership details provided at Recommendation 2.1 above and also to the Company's web site for the NRC's charter.

Recommendation 8.2: The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.
The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the economic entity is set out below. The structure of non-executive remuneration is clearly distinguishable from that of executive directors and senior executives.
a) Senior Executives receive a base salary (based on factors such as skills, experience, value to the Company and length of service), superannuation and, as appropriate, performance incentives, including by way of longer term share based incentive and shorter term cash bonus entitlements. The NRC (in consultation with the CEO) reviews executive packages from time to time by reference to the Company's performance, executive performance and comparable information from industry standards;
b) The maximum remuneration of non-executive directors is the subject of a shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing rules, as applicable. The apportionment of non-executive director remuneration within that maximum is made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive director. The Board may also award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company. As a cash preservation strategy, some longer term share based incentives might be awarded to non-executive directors in lieu of no increases in cash remuneration and or for extra demand for non-executive director time input for the Company's benefit. All share based incentives to Directors are subject to approval by Shareholders. Where relevant, details of such awards are set out in the Remuneration Report within the Directors' Report. There is current no outstanding issues of securities (shares or options) to non-executive directors all previous issue of options to non-executive directors have expired unexercised.

c) Non-executive directors are entitled to statutory superannuation. There are no other schemes for retirement benefits for non-executive directors.
Details of the remuneration arrangements for Directors, Officers and senior executives is contained in the attached Remuneration Report.

Recommendation 8.3: If the Company which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme, and if so then disclose that policy.
Non-executive directors and senior executives are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity based remuneration scheme.