

Comet Ridge Limited 2015 Corporate Governance Statement

Introduction

The directors and management of Comet Ridge Limited ("Comet Ridge" or the "Company") are committed to the creation of shareholder value and recognise the need for high standards of corporate governance as integral to that objective.

This Corporate Governance Statement, dated 17 September 2015 has been approved by the Board of the Company and outlines the key principles and practices of the Company which, taken as a whole, represents the system of governance.

During the period ending 30 June 2015 the Company's corporate governance practices and policies have substantially accorded with those outlined in the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition) ("ASX Recommendations" or "ASX Guidelines"), except as outlined below. Even where there is a deviation from the recommendations the Company continues to review and update its policies and practices in order that these keep abreast of the growth of the Company, the broadening of its activities, current legislation and good practice.

The ASX Corporate Governance Council's (The Council) recommendations are not prescriptive but rather they are guidelines. If certain recommendations are not appropriate for the Company given its circumstances, it may elect not to adopt that particular practice in limited circumstances.

Where the Company's Corporate Governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the practices are appropriate due to either the size of the Board or the management team or due to the current activities and operations being carried on by and within the Company.

Additional information about the Company's corporate governance policies and practices including copies of the policies and charters listed below is set out on the Company's website at www.cometridge.com.au where copies of the Company's Charters and Policies can be accessed.

Principle 1 – Lay Solid Foundations for Management and Oversight

1.1 Role of Board and Management

The Board's roles and responsibilities are detailed in a Board Charter, a copy of which is available on the Company's website. The Charter also sets out those functions that are delegated to the management and those that are reserved for the Board.

The Board oversees and directs the activities of Comet Ridge on behalf of shareholders, whom they are ultimately accountable to being subject to mandatory re-election on rotation. The Board is responsible for setting corporate direction, defining policies, and monitoring the business of the Company, to ensure it is conducted appropriately and in the best interests of shareholders.

The Board is also responsible for the succession planning of Key Management Personnel including the Managing Director.

The Board has delegated responsibility for the management of the Company's day-to-day business to the Managing Director.

The Board may also delegate specific functions to ad-hoc committees from time to time on an 'as needed' basis. At the time of joining Comet Ridge, Directors and Senior Executives are provided with letters of appointment, together with key Company documents and information setting out their term of office, duties, rights and responsibilities, and entitlements on termination.

The Board delegates specific responsibilities to various Board sub-committees. The Board has established the following standing committees:

- An Audit Committee, which is responsible for overseeing the external and internal auditing functions of the Company's activities;
- A Risk Committee, which comprises representatives of the Board and staff to advise and assist the Board in assessing risk factors associated with the operation of the Company; and
- A Remuneration Committee, which is responsible for making recommendations to the Board on remuneration packages for executives.

1.2 Director Checks

The Company performs checks on all potential directors which includes checks on character, experience, education, criminal record and bankruptcy history. Directors are required to provide consent for the Company to perform such checks. Directors' details, including their relevant qualifications and experience and the skills they bring to the Board, are detailed on the Company website and within the Annual Report.

Details of any other material directorships currently held are also provided within the Annual Report. Directors are required to table at Board Meetings details of new commitments and specifically acknowledge that they have sufficient time to fulfil their duties as a Director of the company.

The Company will ensure that all material information in its possession relevant to a shareholder's decision to elect or re-elect a director is provided to shareholders in the Company's Notice of Annual General Meeting.

Corporate Governance Statement (continued)

1.3 Written Agreement with each Director and Senior Executive

Each executive director and senior executive of Comet Ridge has an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities. There are no formal agreements with the Non-executive directors. Given the size and operations of the Company at this juncture and the experience and skills that the Non-executive directors possess the Board does not believe that there would be any benefit to the Company in doing so.

1.4 Company Secretary

The Company Secretary whose role includes advising the Board and its sub-committees on governance matters, monitoring the adherence of the Company's policies and procedures and ensuring that accurate minutes of Board and Committee meetings are taken, directly reports to the Board on these and other related matters. The Company Secretary reports directly to the Chair of the Board but Directors are also free to communicate directly with the Company Secretary who is also at liberty to speak to any member of the Board direct in relation to a matter.

1.5 Diversity

Comet Ridge has a Diversity Policy which aims to create a workplace culture that attracts and retains well-qualified, diverse and motivated people right across the business. The Policy includes suggested procedures to help ensure that the policy is implemented correctly, which includes ensuring that candidates for any executive position are drawn from as wide a base as reasonably possible. The Company acknowledges that diversity improves the quality of decision making, productivity and teamwork within a business and can result in better business outcomes.

The Company is committed to diversity within the workplace and providing an environment in which employees have equal access to opportunities. The Company recognises that a commitment to diversity and inclusiveness will increase the probability of the Company achieving its strategic objectives. A copy of the Diversity Policy is available on the Company's website.

The Company has given careful consideration to the adoption of measurable objectives for achieving gender diversity. The Board is of the view that there is no "one size fits all" approach to the implementation of a diversity policy for all Australian companies and accordingly has had regard to external guides, including possible forms of objectives published by the Australian Institute of Company Directors.

At this stage given the size of the Company and the number of employees it has the Board does not believe that setting a target in order to improve the number of women in a particular area of the business where women are not currently well represented, is a realistic objective as there is a high probability there will not be sufficient movement in staff in the next 12-18 months to achieve such a target.

The Board considers that the best way forward for the Company at this stage of its development has been to introduce a programme which blends procedural objectives with a mentoring programme. The Board has set the following objectives for the purposes of implementing the Diversity Policy in order to promote gender diversity within the make-up of the Company's Board, Senior Management and employees:

- For vacancies at the Board and senior management level is to ensure that a diverse candidate pool is accessed;
- Advertising any executive or staff vacancies will be conducted more widely in sectors where a female audience is more prevalent;
- Requiring that at least one serious female candidate be present on every short list for each executive position and if a female candidate is not selected then the Board must be satisfied that there are objective reasons to support this decision;
- The introduction of a mentoring, coaching programme for any female employees to promote stronger representation in all areas;
- Reviewing all remuneration practices to ensure that they are free from gender bias and ensuring recruitment and selection processes do not contain gender bias; and
- Fostering a corporate culture which supports workplace diversity.

1.5 Diversity (continued)

At this stage no separate Gender Diversity Committee has been established. The Board acting in its capacity as a Nomination Committee will incorporate those roles and duties which a Gender Diversity Committee would otherwise carry out in exercising and implementing the above objectives.

The Board is currently made up of 2 Non-executive Directors and 2 Executive Directors. Of the Non-executive Directors one is a woman representing 50% of the total number of Non-executive Directors or 25% of the Board as a whole.

There are no women currently employed or engaged as a consultant within the group in a senior executive role.

As at 30 June 2015, the total percentage of female employees and consultants in the whole of the organisation including Members of the Board was 38.5%.

The Company is not a "relevant employee" for the purposes of the Workplace Gender Equality Act.

Corporate Governance Statement (continued)

1.6 Process for Evaluating Board Performance

Improvement in Board processes and effectiveness is a continuing objective and the purpose of the annual Board evaluation is to identify ways to improve performance. The Chairman is responsible for conducting an annual review of the Board's performance. This process involves the Chairman circulating to members of the Board a detailed questionnaire on performance indicators and collating the data from the same before discussing with each member of the Board and reviewing performance indicators, so as to assess the effectiveness of processes structure and contributions made by individual directors.

An evaluation of the performance of the Board was completed by the Chairman during the year under review.

The Board assesses annually, or as necessary, the performance of the Managing Director benchmarking his performance against the role description in the employment contract and general industry standards expected of a Managing Director carrying on that role.

1.7 Process for Evaluating Performance of Senior Executives

The Managing Director assesses, annually or as necessary, the performance of all key executives. Both qualitative and quantitative measures will be used consistent with performance targets set annually by the Managing Director in consultation with those executives. The Managing Director reports to the Remuneration Committee on their performance and who in turn will then consider any changes to remuneration and the establishment of new performance targets.

Principle 2 – Structure the Board to Add Value

2.1 Nomination Committee

The Board comprises two Non-executive Directors, including the Chairman, and two Executive Directors one being the Managing Director. The names of the Directors of the Company in office at the date of this report or through the year and their qualifications are set out in the section of the Annual Report headed "Directors' Report".

Under the Constitution, the maximum number of Directors is nine (9). Further, the Constitution mandates that there be a minimum of three Directors, at least two of whom must reside in Australia. One third of the Directors retire annually on rotation in accordance with the Constitution, who are free to seek re-election by shareholders.

The composition of the Board is determined so as to provide the Company with a broad base of industry, business, technical, administrative, financial and corporate skills and experience considered necessary to achieve the strategic objectives of the Company.

The Board has not formed a separate Nomination committee, which it finds unnecessary at this stage of the Company's evolution, favouring a 'whole-of-board' approach to the selection of replacement or additional Directors and Senior Executives. The Board believes the appropriate mix of skills and diversity of Directors should encompass relevant industry, financial and commercial experience. Given the size of the Company and the number of executive positions currently held, the Board considers that no efficiencies or other benefits would be gained by establishing a separate Nomination Committee at this time due to the size of the Company and its current activities. The Company has adopted a Nomination Committee charter that sets out the role and responsibilities of the Board acting in its capacity as the Nomination Committee. A copy of this charter is available on the Company's website.

Even if it had established a Nomination committee it would not have been able to comply with the ASX Recommendations relating to the number of independent members of such a committee.

2.2 Board Skills Matrix

If a Board vacancy becomes available it will be the responsibility of the Board as a whole to identify the skills, experience and diversity that will best complement the Board and will then embark on a process to identify a candidate who can best meet those criteria. A Board Skills Matrix has been developed and adopted by the Board to help assess the relevant criteria of candidates. The Directors believe the skill base of the current Directors is appropriate for the Company given its size and stage of development.

2.3 Director Independence

ASX Recommendation 2.3 provides that a majority of the Board should be independent.

When evaluating candidates, the Board has regard to the potential for conflicts of interest, whether actual or perceived, and the extent or materiality of these in the ongoing assessment of Director Independence. In this respect the Board has regard to the definition of "Independence" in the ASX Guidelines.

Corporate Governance Statement (continued)

An independent Director, in the view of the Board, is a Non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. In determining the independent status of a Director, the Board, in accordance with the ASX Guidelines, considers whether the Director:

- a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- b) within the last three years has been employed or has previously been employed in an executive capacity by the Company or another Group member;
- c) within the last three years has been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
- d) is a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- e) has a material contractual relationship with the Company or another Group member other than as a Director of the Company.

The Board considers that, fundamentally, the independence of Directors is based on their capacity to put the best interests of the Company and its shareholders ahead of all other interests, so that Directors are capable of exercising objective independent judgment.

The Board is of the view that the existence of one or more of the relationships in the definition will necessarily result in the relevant Director not being classified as independent, particularly given the criteria outlined above, and that the Company will seek to implement additional safeguards to ensure independence. An overall review of these considerations is conducted by the Board to determine whether individual Directors are independent.

Additional policies and practices, such as Directors not being present during discussions or decision making on matters in which they have or could be seen to potentially have a material conflict of interest, as well as Directors being excluded from taking part in the appointment of third party service providers where the Director has an interest, provide further separation and safeguards to independence.

The Board has considered materiality thresholds in relation to independence, but has determined not to establish fixed thresholds, believing that, if taken in isolation and out of context, these can be misleading and inconclusive.

The names of the Directors that held office during the period under review and the length of their service are set out in the following table:-

Board Composition

Director	Board membership	Date appointed	Date ceased
James McKay	Non-executive Chairman	16-Apr-09	
Tor McCaul	Managing Director	16-Apr-09	
Gillian Swaby	Independent Non-executive Director	09-Jan-04	
Chris Pieters	Executive Director	16-Apr-09	
Jeff Schneider	Independent Non-executive Director	28-Aug-03	27-Nov 2014
Anthony Gilby	Non-executive Director	06-Oct-09	15-June 2015

The Board considers that its current structure is appropriate to efficiently and independently carry out its functions, given the size of the Company and level of its current activities.

2.4 Majority of Directors to be Independent

Having regard to the definition of "independence" in the ASX Guidelines the Board considers that an independent Director is one who is a Non-executive director who is not a member of management and who is free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgment.

Based on this definition the current Directors, excluding Gillian Swaby, could not be considered independent by virtue of them being either executives, substantial shareholders of the Company or directors or officers of companies that are substantial shareholders of the Company.

The Board is also committed to ensuring that all Directors, whether independent or not, bring an independent judgement to bear on Board decisions. To facilitate this, the Board has agreed on a procedure for Directors to have access, in appropriate circumstances, to independent professional advice at the Company's expense. If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her 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.

2.5 Independent Chairman

The Chairman (Mr McKay), if applying the criteria to determine independence is not considered as being independent, due to his family group of companies being a substantial shareholder of the Company. However the Board considers that Mr McKay is the most appropriate person for the role

Corporate Governance Statement (continued)

due to his commercial experience in such a capacity and that the interests of the Company and its shareholders are being more than adequately met by the current appointee.

The roles of the Chairperson and the Managing Director were not shared at any time during the year under review. The role of the Chairman was fulfilled by Mr McKay, while the role of the Managing Director has been filled by Mr McCaul for the whole of the period under review. The roles of the Chairperson and the Managing Director are set out in the Board Charter.

2.6 Induction Programme and Professional Development

Given the size of the Company there is no formal induction process for new directors. Rather any new Director will be provided with a personalised induction which will be dependent upon the skills and experience that the new Director might possess. Any new Director induction will include comprehensive meetings with senior management and the provision of relevant materials such as all the Company's policies and procedures as well as instruction in relation to these.

All Directors are expected to maintain the skills required to effectively discharge their obligations and are encouraged to undertake continuing professional education such as industry seminars and approved education courses.

Principle 3: Act Ethically and Responsibly

3.1 Establish a Code of Conduct

The Board is cognisant of the expectation that Companies must, in addition to their legal obligations, make ethical and responsible decisions having regard to the reasonable expectations of their shareholders and other parties affected by these decisions. To assist in that process the Company has adopted a Corporate Code of Conduct which sets out ethical standards and a Code of Conduct to which all Directors, Executives and employees are required to adhere to whilst carrying out their duties.

The Code of Conduct for Directors and Key Executives forms part of the Corporate Code of Conduct. Copies of these are available on the Comet Ridge website.

The Company is committed to increasing shareholder value and aims to ensure its shareholders are fully informed as to the true financial position and performance of the Group through timely and accurate disclosure of information and risk management practices and exemplary compliance with the continuous disclosure regime.

The Company has adopted in compliance with ASX Listing Rule 12.12 a Policy for Trading in Company Securities (a copy of which is available on the Company's website) which is binding on all Directors, employees and consultants of the Company. The purpose of this policy is to provide a brief summary of the law on insider trading and other relevant laws, set out the restrictions on dealing in securities by people who work for or are associated with Company and assist in maintaining market confidence in the integrity of dealings in Comet Ridge securities. The Policy has been posted on the Company's website to ensure that there is public confidence and understanding of the Company's policies governing trading by "potential insiders".

The Policy contains blackout periods and requires that all persons covered by the Policy may not deal in the securities in the Company without first seeking and obtaining a written acknowledgement from the Chairman or Managing Director of the Company (or in their absence the Company Secretary) prior to any trade, at which time they must confirm that they are not in possession of any unpublished price-sensitive information. The Company Secretary maintains a register of notifications and acknowledgements given in relation to trading in the Company's securities.

Principle 4: Safeguard Integrity in Financial Reporting

4.1 Establish an Audit Committee

The Board has had established for the whole of the financial year under review an Audit Committee with a Charter that sets out the roles, responsibilities, composition, structure and membership requirements.

The primary objective of the Committee is to assist the Board to discharge its responsibilities with regard to:

- Monitoring the integrity of the financial statements of the Company and reviewing significant financial reporting judgements;
- Reviewing the effectiveness of the Company's internal financial control system;
- Monitoring and reviewing the effectiveness of the Company's internal audit function (if any);
- Monitoring and reviewing the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- Performing such other functions as assigned by law, the Company's constitution, or the Board.

The Committee appointed by the Board currently comprises one (1) Non-executive Director and two (2) Executive Directors.

Corporate Governance Statement (continued)

The members of the Audit Committee during the year were as follows, including the dates members were appointed to the Committee:-

Gillian Swaby:	Independent Chair of the Audit Committee and Non-executive Director	(appointed 09-Jan-2004)
James McKay:	Non-executive Director	(appointed 21-Apr-2009)
Jeffrey Schneider:	Independent Non-executive Director	(appointed 09-May-2013) (resigned 27-Nov-2014)
Christopher Pieters	Executive Director	(appointed 27-Nov-2014)

The Chair of the Committee is Gillian Swaby who is an independent director and not the Chairperson of the Board of Directors.

Each member of the Audit Committee has an appropriate knowledge of the Company's affairs and has the financial and business expertise to effectively discharge the duties of the Committee. The members of the Audit Committee by virtue of their professional background experience and personal qualities are well qualified to carry out the functions of the Audit Committee. At least one member has significant, recent and relevant financial experience.

Details of the experience and qualifications of the members of the Audit Committee can be found in the Directors' Report as well as the details of the Audit Committee members' attendance at meetings.

The Committee has a documented charter. The Charter was updated and approved by the Board on 30 July 2015 and sets out the specific responsibilities delegated to the Committee by the Board. A copy of the Charter as well as a copy of the procedures adopted for the appointment of external auditors is available on the Company's website.

The members of the Committee have direct access to any employee, the auditors and financial and legal advisers without management present. The Committee meets as often as is required but no less than three times a year.

The Committee reports to the Board on the following:-

- a) Assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- b) Assessment of the management processes supporting external reporting;
- c) Procedures for the selection and appointment of the external auditor, rotation of external audit engagement partners, appointment and removal of the external auditors, review of the terms of engagement;
- d) Approving the audit plan of the external auditors, monitoring the effectiveness and independence of the external auditor, obtaining assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards;
- e) Providing recommendations to the Board as to the role of the internal auditor/internal audit function, if any, and recommendations for the appointment or, if necessary, the dismissal of the head of internal audit;
- f) Evaluating the adequacy, effectiveness and appropriateness of the Company's administrative, operating and accounting control systems and policies;
- g) Reviewing and evaluating controls and processes in place to ensure compliance with the approved policies, controls, and with applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- h) Overseeing the Company's financial reporting and disclosure processes and the outputs of that process;
- i) Determining the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices; and
- j) Reviewing the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and approving all Significant Accounting Policies.

4.2 Declarations from Chief Executive Officer and Chief Financial Officer

The Board has received declarations from the Managing Director (in his capacity as the CEO) and the Chief Financial Officer pursuant to s295A of the Corporations Act which state that the financial statements for both the half year ended 31 December 2014 and the end of the financial year 30 June 2015 periods, are founded on sound risk management and internal controls and that the system is operating effectively in all material respects in relation to financial reporting risks.

4.3 External Auditors

The external auditors attend the audit committee meetings at least twice a year and on other occasions where circumstances warrant as well as being available at the Company's AGM to answer shareholders questions about the conduct of the audit and the preparation and content of the audit report. The Chairperson conducts in camera discussions with the Auditor to ensure that any concerns that the Auditor might have are disclosed. The Audit Committee keeps minutes of its meetings and includes them for review by the whole of the Board at its next meeting.

Corporate Governance Statement (continued)

Principle 5: Make Timely and Balanced Disclosure

5.1 Continuous Disclosure Policy

The continuous disclosure requirements of the ASX are contained in Chapter 3 of the ASX Listing Rules. Comet Ridge has adopted policies and procedures to ensure compliance with its continuous disclosure obligations, and to ensure accountability at a senior management level for that compliance.

The Board is committed to promoting investor confidence by ensuring that:

- The market has equal access to material information concerning the Company; and
- All Company announcements are factual and presented in a clear and balanced way.

The Company revised and updated its Continuous Disclosure Policy in November 2013 in compliance with this Recommendation and to adopt early the recommendations contained in the revised ASX Listing Rules Guidance Note 8. A copy of the policy is available on the Company's website for download.

Each employee and consultant engaged by the Company is provided with a copy of the same while impressing upon them during their induction the importance of adhering to it. The Company Secretary has primary responsibility for discharging the Company's continuous disclosure obligations to the ASX. All officers and employees must immediately notify the Company Secretary of any material information which may need to be disclosed under Listing Rule 3.1.

The Officers of the Company are committed to:

- Encouraging prompt disclosure of any material information which may need to be disclosed under Listing Rule 3.1; and
- Promoting an understanding of the importance of the continuous disclosure regime throughout the Company.

In addition the website contains a function to allow interested parties to subscribe to receive electronic notification of public releases and other relevant material concerning the Company.

Principle 6: Respect the Rights of Shareholders

6.1 Company Information Available on Website

Comet Ridge respects the rights of its shareholders and places a high priority on communications with and accountability to shareholders. The Board recognises that shareholders, as the ultimate owners of the Company, are entitled to receive timely and relevant high quality information about their investment.

The Company keeps shareholders and other interested parties informed of performance and major developments via communications through its website. This includes details of the Governance framework adopted by the Company including copies of the Corporate Governance Policies and Charters, the link to which is: http://www.cometridge.com.au/About_Us_Governance.htm

6.2 Investor Relations Programme

The Board aims to ensure that shareholders and prospective investors should be able to make an informed decision when considering the purchase or sale of shares in Comet Ridge. To safeguard the effective dissemination of information, the Board has implemented procedures for compliance with continuous disclosure requirements and adopted a Shareholder Communications Policy. These reinforce the Company's commitment to its continuous disclosure obligations imposed by law.

Information will be communicated to shareholders by:-

- Ensuring that published financial and other statutory reports are prepared in accordance with applicable laws and industry best practice;
- Ensuring the disclosure of full and timely information about the Company's activities in accordance with the general and continuous disclosure principles in the ASX Listing Rules, the Corporations Act in Australia and any other relevant legislation;
- Providing detailed reports from the Chairman and/or the Managing Director at the Annual General Meeting;
- Placing all material information released to the market (including Notices of Meeting and explanatory materials) on the Company's website as soon as practical following release; and
- Placing all of the Company's press releases and market announcements for the last three years plus at least the last three years of financial data on its website.

Corporate Governance Statement (continued)

6.3 Meeting Participation

Shareholders are encouraged to attend General Meetings, and particularly the Annual General Meeting, and ask questions of Directors and senior management and also the Company's external auditors, who are required to be in attendance. In the event that shareholders are unable to attend meetings, they are encouraged to lodge proxies signifying their approval or otherwise of the business to be considered. Copies of the Chairman's and Managing Director's presentations at the Annual General Meeting will also be loaded on to the Company's website as well as the ASX announcements platform.

6.4 Electronic Communication

Shareholders and other stakeholders may also subscribe to email alerts through the Company's website so that they are notified of when any material announcement is made. This facility allows parties to receive electronically, copies of the Company's Annual Report as well as notices of any General Meetings.

Principle 7: Recognise and Manage Risk

7.1 Risk Committee

Comet Ridge recognises that effective risk management is central to achieving the operational and strategic objectives of the Company and to that end has developed a strategy for risk management and internal compliance and control systems which covers internal controls, management, financial and operational aspects of the Company's affairs.

The Board has appointed the Managing Director (who is assisted by senior management) as being responsible for ensuring the systems are maintained and complied with.

The Company has a formal Risk Policy and has established a Risk Committee (governed by a charter) which has the responsibility for identifying assessing, treating, monitoring and reporting in respect of identified risks and the management of these to the Board. The Committee comprises of two board members, one of which must be the Managing Director who also chairs the Committee as well as the Chief Operating Officer and the Company's Corporate Risk Advisor. There are no independent directors on the Committee at this time as the Company believes that the Committee is constituted by the most capable and experienced members of the Board to handle such role. The Committee meets when necessary but not less than three times a year and keeps minutes of the meetings which are included for review by the Board at its following meeting. The Board members of the Committee and the number of meetings which they attended is detailed in the section headed "Directors Report" contained in this Annual Report.

The members of the Risk Committee are appointed by the Board and Company personnel are required to attend Risk Committee meetings as and when requested.

The main responsibilities and functions of the Risk Committee is to establish a sound system of risk oversight and management and include, but are not limited to, the review and reporting to the Board on the following:-

- a) the Company's ongoing risk management programme effectively identifies all areas of potential risk;
- b) adequate policies and procedures have been designed and implemented to manage identified risks;
- c) a regular programme of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- d) proper remedial action is undertaken to redress areas of weakness.

7.2 Annual Risk Review

The Company's Risk Management Policy requires the Board, being guided by the Risk Committee to at least annually undertake a risk review to determine if the existing risk framework is satisfactory considering the material risks faced by the Company.

In the reporting period the Board assisted by the Risk Committee undertook a review of the Company's risk management framework as well as the Company's overall risk profile and satisfied itself that the risk management framework was satisfactory for the Company's present needs.

Corporate Governance Statement (continued)

7.3 Internal Audit

The Company does not have a formal internal audit function. Management led by the Chief Financial Officer periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed. Delegations of Authority are reviewed annually by the Audit Committee.

The ongoing mitigation and management of financial and operational risks are standing agenda items of the Audit and Risk Committees. The Managing Director and the Chairman of the Audit Committee are responsible for reporting to the Board on a regular basis in relation to whether the Company's material business risks are being managed effectively by the existing management and internal controls systems. Management is responsible for implementing the risk management framework to ensure the Company's material business risks are managed and for reporting to the relevant committee on whether those risks are being managed effectively.

7.4 Social Sustainability and Environmental Risks

The Company undertakes gas exploration activities and as such faces inherent risks to its business, including economic, environmental and social sustainability risks which may materially impact the Company's ability to create or preserve value for shareholders over the short, medium or long term. The Board is regularly briefed by management as well as keeping itself abreast of possible material exposure to risks that the Company may face.

The Board continually reviews with the assistance of the Audit and Risk Committees economic, environmental and social sustainability risks in the areas in which it operates. Risk areas include the impact on the environment as a result of operational activities, commodity prices and issues with joint venture partners. One area which the Board feels is of significant importance is "safety", which it believes is an essential part of the Company's operations not only in respect to its employees and contractors but also to the community and environment in which it operates. The Board believes that if these matters are priorities then they will act as drivers for value to shareholders. The Company has in place policies and procedures, including a risk management framework, to help manage these risks.

The Company is committed to sustainable development of energy resources in an environmentally and socially responsible manner. All operational activities are conducted in strict compliance with the terms of relevant surface use agreements. Surface disturbances, critical wildlife habitat, view-sheds, noise levels, air quality and water quality impacts to the environment will, at a minimum, comply with all applicable legal and regulatory thresholds and otherwise be managed for minimal impact. The Company employs technology and best environmental practices to achieve this objective.

Principle 8: Remunerate Fairly and Responsibly

8.1 Board to Establish a Remuneration Committee

Comet Ridge has established a Remuneration Committee. The role of the Committee, in accordance with the Remuneration Committee Charter, is to assist the Board with respect to remuneration by reviewing and making appropriate recommendations on:-

- a) Remuneration packages of Executive Directors, Non-executive Directors and senior executives; and
- b) Employee incentive and equity based plans including the appropriateness of performance hurdles and total payments proposed.

The current members of the Remuneration Committee are as follows, including dates of their most recent appointment to the Committee:-

Gillian Swaby	Chair of the Committee and Non-executive Director	(appointed 27-Nov-2014)
James McKay	Non-executive Chairman	(appointed 16-Jun-2015)
Christopher Pieters	Executive Director	(appointed 27-Nov-2014)

The Remuneration Committee shall meet at least twice a year and otherwise as required. The number of meetings of the Remuneration Committee during the reporting period and the attendance record of members is set out in the Directors' Report.

Christopher Pieters was absent and had no input into the discussions that were held regarding the remuneration and terms of his consultancy so as to preserve the independence of the committee.

Due to the current composition of the Board it is not possible to have a majority of independent Directors making up the Risk Committee. However the Committee is chaired by Gillian Swaby who is an independent Director. A copy of the Remuneration Committee Charter is available for download on the Company's website.

Corporate Governance Statement (continued)

8.2 Remuneration Policies and Practices

The ASX Listing Rules and the Constitution require that the maximum aggregate amount of remuneration to be allocated among the Non-executive Directors be approved by the shareholders in a general meeting. In proposing the maximum amount of consideration by shareholders, and in determining the allocation, the Remuneration Committee will take into account the time demands made on Directors and such factors as fees paid to Non-executive Directors in comparable Australian companies.

The remuneration paid to both Executive and Non-executive Directors is shown in the Remuneration Report contained in the Directors' Report, which includes details on the Company's remuneration policies for executive directors and other senior executives. There are no termination and retirement benefits for Non-executive Directors other than statutory superannuation entitlements.

There has been no increase in the maximum aggregate amount of remuneration for Non-executive Directors since the 2009 Annual General Meeting.

8.2 Remuneration Policies and Practices

The Company has an Employee Performance Rights Incentive Plan which was approved by shareholders at the 2013 Annual General Meeting. The Company's Policy for Trading in its securities which would include performance rights issued under the Incentive Plan, prevent participants in the Plan from entering into a transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of the unvested equity interest or performance right.

The Policy for Trading in its securities also requires that all dealings in its securities (which include Performance Rights issued under the Plan) have to be first approved by the Company. A copy of the Trading in Company Securities policy is available on the Company's website