

TAMBLA LIMITED

CORPORATE GOVERNANCE STATEMENT

BOARD CHARTER

The following statement outlines the principal corporate governance practices and procedures that were in place throughout the financial year and the extent to which they depart from the third edition of best practice recommendations of the ASX Corporate Governance Council released in March 2014.

Principle 1: Lay solid foundations for management and oversight

Roles of the board and management

The board of directors is responsible for the corporate governance practices of the company including the direction and oversight of the company's business on behalf of the shareholders. Responsibility for the formulation of strategy, and management of day-to-day operations and administration, is delegated by the board of directors to the chief executive officer. The board of directors appointed Chris Fydler as chief executive officer on 27 October 2017, following the announcement of the retirement of Gerry Williams, effective 31 October 2017. The senior management team, led by the chief executive officer, manage all aspects of the day to day business.

Policy and other functions of the board of directors include:

- approving the strategy and plans for the company's direction formulated by management and monitoring their implementation;
- ensuring appropriate resources are available to undertake those strategies;
- the appointment and supervision of the chief executive officer, chief financial officer and secretary of the company and ensuring that they are appropriately qualified and experienced to discharge their respective responsibilities;
- receiving and approving management recommendations such as for capital expenditure and monitoring the company's financial performance and results on a monthly basis;
- ensuring appropriate management control and accountability systems are in place and monitoring the corporate conduct of the company's officers;
- identifying areas of significant business risk and the management of those risks;
- reviewing published reports and stock exchange announcements before their release to ensure their accuracy and compliance with statutory requirements;
- ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act;
- meeting statutory, regulatory and other reporting requirements of the Corporations Act and the ASX Listing Rules; and
- ensuring the establishment and maintenance of appropriate ethical standards for the company, its directors and executives.

The board of directors meets monthly and directors receive regular reports from the chief executive officer and the senior management team. At meetings of the board, the directors deal with the various policy and corporate governance matters set out above.

The company recognises the need for directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. All directors and employees are expected to act in accordance with the law.

Separate committees of the board have been formed. These comprise an audit committee and a nomination and remuneration committee. The composition and delegated functions of these committees are set out below.

The skills and experience of each of these directors is set out in the directors' report incorporated in the 2017 Annual Report ('2017 directors' report'). All four directors are non-executive, including the chairman, and the roles of chairman and chief executive are not currently and have not historically been exercised by the same individual.

CORPORATE GOVERNANCE STATEMENT (Continued)

Principle 1: Lay solid foundations for management and oversight (continued)

At the date of this statement, the nomination and remuneration committee consists of all directors. Mr Docherty is chairman of the nomination and remuneration committee.

The audit committee established by the company consists of all directors. Dr Carter is chairman of the audit committee. Representatives of management including the chief executive officer and chief financial officer and external auditors are invited to attend meetings from time to time. The audit committee meets at least four times each year.

Particulars of committee meetings held during the year ended 31 December 2017 and the attendance of each committee member is set out in the 2017 directors' report.

The dates on which each director was appointed and last re-elected are as follows:

Director	Appointed	Resigned	Last re-elected
Mr Niall Cairns (non-executive chairman)	22/11/2013	n/a	02/05/2017
Dr Phillip Carter (non-executive director)	22/11/2013	n/a	31/05/2016
Mr Neil Docherty (non-executive director)	17/07/2015	n/a	31/05/2016
Mr Matthew Michalewicz (non-executive director)	18/03/2016	n/a	31/05/2016

Mr Docherty and Mr Michalewicz will be standing for re-election at the 2018 annual general meeting.

Principle 2: Structure the board to add value

The composition of the board of directors is assessed and recommended by the nomination and remuneration committee using the following principles which accord with the following ASX Corporate Governance Council recommendations:

- The chairman should be an independent director; and
- The roles of chairman and chief executive should not be exercised by the same person.

During 2017, the company was not fully compliant with this principle. Mr Niall Cairns, a non-independent director was appointed chairman in February 2014. The board of directors intends to appoint an independent director as chairman in due course.

The board of directors regularly assesses the independence of each director in light of the interests they have disclosed and such other factors as the board of directors determines are appropriate to take into account in determining whether the director is independent of management and free of any business or other relationship that could materially interfere with or could be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The directors' terms of appointment are governed by the constitution of the company and one-third of the directors and any directors who have held office for three years or more (excluding the managing director) must retire at each annual general meeting of members. Each director has the right to seek independent professional advice at the company's cost, subject to the prior approval of the chairman, which may not be unreasonably withheld, and the other directors being given a copy of such advice.

Changes to the board of directors in recent years have resulted in the board of directors having a strong mix of skills and experience. It is considered that the current composition of the board of directors is appropriate to help the company achieve its goals, strategies and plans whilst maintaining overall compliance with the corporate governance practices and procedures to the extent outlined in this statement and that the composition of the

CORPORATE GOVERNANCE STATEMENT (Continued)

Principle 2: Structure the board to add value (continued)

board of directors will continue to be reviewed on a regular basis by the nomination and remuneration committee.

The board has considered the independence of each of the directors and has determined that Mr Cairns and Dr Carter are non-independent, non-executive directors as each is a substantial shareholder or is associated directly with a substantial shareholder. In the event that a potential conflict of interest may arise, involved directors withdraw from deliberations concerning the matter. The board has determined that Mr Docherty and Mr Michalewicz are independent directors.

The board has a program for inducting new directors and provides appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The directors of the company in office at the date of this statement are:

Mr Niall Cairns (chairman, non-executive director)

Dr Phillip Carter (non-executive director)

Mr Neil Docherty (non-executive director)

Mr Matthew Michalewicz (non-executive director)

Principle 3: Promote ethical and responsible decision making

Board members, executive management and company officers are made aware of the requirements to follow corporate policies and procedures, to obey law and to maintain appropriate standards of honesty and integrity at all times.

Set out below and on the company web site are the following significant policies instigated and monitored by the board of directors under the terms of principle 3.

Securities trading policy

No director, senior executive or employee shall purchase or sell Tambla securities, or securities of a company in a "special relationship" with Tambla, while in possession of material information concerning the Tambla or such a company that has not previously been generally disclosed to the investing public for at least two business days. Nor shall an employee inform any individual or entity of any such material information, except in the necessary course of business.

Employees are encouraged to invest in the Tambla securities, but must avoid trading when in possession of confidential material information which, if generally available, would reasonably be expected to either have an effect on the market price or value of those securities or affect an investor's decision as to whether to buy, sell or hold securities in Tambla.

There is an absolute prohibition of Tambla securities trading by a director and other key management personnel during the two-month period before the announcement of the Tambla half-year results or the Tambla full year results. A director or other key management personnel must not trade in Tambla securities without advising the chairman in writing in advance and receiving written clearance from the chairman before any dealing (including market dealing) in Tambla securities. In his or her own case the chairman must advise the board of directors in advance at a board of directors meeting and receive clearance from the board of directors.

A director or other key management personnel must advise the company secretary in writing of the details of any completed transactions within 3 business days of the transaction. The company secretary will be responsible for maintaining a record of disclosures and advising the ASX.

An updated securities trading policy was released to the market via the ASX in September 2015 and is also available on the company web-site under *Investors* in the corporate section.

CORPORATE GOVERNANCE STATEMENT (Continued)

Principle 3: Promote ethical and responsible decision making (continued)

Continuous disclosure

All directors, senior executives and employees have been made aware of the continuous disclosure requirements of the ASX Listing Rules and have been provided with a copy of the relevant rules and guidance notes. Continuous disclosure is included on the agenda for all formal meetings of the directors. Directors and senior executives are made aware of the constraints applicable to private briefings and broker and analyst presentations.

The directors have allocated responsibility to the chief executive officer and the company secretary to alert the board of directors to any operational or regulatory matters respectively which they consider may require disclosure to the market under the continuous disclosure requirements of the ASX Listing Rules. The directors then consider and approve the form of any such announcement.

All company announcements require the approval of the chairman with provision for available directors to approve urgent announcements. The company secretary is responsible for communication with the ASX. The chairman is responsible for all media contact and comment.

Diversity policy

Due to significant structural change in the business, a diversity policy has not yet been finalised. In due course, the company will establish a diversity policy which can be practically implemented and maintained within the framework of a company of Tambla' size.

Code of conduct

Board members, executive management and company officers are made aware of the requirements to follow corporate policies and procedures, to obey the law and to maintain appropriate standards of honesty and integrity at all times. In this regard the directors have adopted a code of conduct for directors, senior executives and employees which "inter alia" deals with compliance with legal and other obligations to legitimate stakeholders. More specifically, the code of conduct covers ethical operations, compliance with laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading. The code of conduct underpins the formal charter and all policies of the company. A copy of the code of conduct is available on the company web site under *Investors* in the corporate section.

Principle 4: Safeguard integrity in financial reporting

The board of directors has established an audit committee.

The key matters dealt with by the audit committee include the review of:

- the annual and half-year financial reports prior to their approval by the board of directors;
- the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit and the independence of the external auditor;
- all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- any management letter sent by the external auditor to the company;
- the effectiveness of management information or other systems of internal control;
- the financial statements of the company with both management and external auditors; and
- monitoring of compliance with the requirements of the Corporations Act, ASX Listing Rules, Australian Taxation Office and financial institutions.

The chief executive officer and the chief financial officer are required to confirm to the board that, for each financial reporting period, the company's financial reports present a true and fair view, in all material respects, of the company's financial position and operational results and are in accordance with relevant accounting standards.

CORPORATE GOVERNANCE STATEMENT (Continued)

Principle 4: Safeguard integrity in financial reporting (continued)

The committee has a formal charter, a copy of which is available on the company web site under *Investors* in the corporate section.

Principle 5: Make timely and balanced disclosures

The company and its directors are aware of continuous disclosures requirements under the Listing Rules and Corporations Act and operate in an environment where strong emphasis is placed on full and appropriate disclosure. The company has formal written policies regarding disclosure which is publicly available on the company's website: www.tambla.com.au.

Principle 6: Respects the rights of shareholders

The company's communications strategy articulates clear and effective communications with its shareholders through ASX announcements, newsletters, the half-year report, the annual report and the annual general meeting. Copies of all such ASX announcements, newsletters and reports are posted to the company website.

The board encourages full participation of shareholders at the annual general meeting to ensure high level of accountability and identification of the company's strategic goals. Important issues are presented to the shareholders as single resolutions. The company requests that the external independent auditor attend the annual general meeting to respond to questions from shareholders on the conduct of the audit and the preparation and content of the audit report.

The company provides security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Principle 7: Recognise and manage risk

The board of directors has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the company and its operations. It has not established a separate committee or separate internal audit function to deal with these matters as the directors consider the size of the company and its operations does not warrant a separate committee at this time. The directors are adequate.

The board of directors has identified the significant areas of risk applicable to the company and its operations and considers the matter of risk management on an on-going basis at its monthly meetings.

Principle 8: Remunerate fairly and responsibly

The board of directors has established a nomination and remuneration committee.

On an annual basis the committee reviews the remuneration and performance of the chief executive officer and senior executives and makes recommendations on remuneration packages for directors and senior executives and terms of employment generally.

This committee also reviews the composition of the board of directors to ensure that it comprises an appropriate mix of skills and experience. When a vacancy exists on the board of directors, or where it is considered that a director with particular skills or experience is required, the committee interviews appropriate candidates with suitable expertise and experience from which the committee will select a candidate for recommendation to the board. The candidate selected and appointed by the board will stand for election at the next annual general meeting of the company.

CORPORATE GOVERNANCE STATEMENT (Continued)

Principle 8: Remunerate fairly and responsibly (continued)

Performance evaluation of directors and executives

The nomination and remuneration committee is required to undertake a review of the performance of directors, and senior executives on an annual basis. A performance evaluation of directors and executives was undertaken during 2016.

Remuneration of directors and executives

In accordance with the constitution of the company, shareholders determine the aggregate remuneration of the non-executive directors, the maximum aggregate remuneration for non-executive directors is currently \$500,000. The directors determine the allocation of the aggregate remuneration, or part thereof, between themselves.

There are no schemes or provisions for retirement benefits for non-executive directors other than statutory benefits and accumulated superannuation.

DATE OF ISSUE

27 February 2018