

Corporate Governance Statement

Atlantic Ltd (**Atlantic** or the **Company**) is committed to creating and building sustainable value for shareholders and protecting stakeholder interests. The Company recognises that high standards of corporate governance are essential to achieving that objective. The Company continues to develop and review its corporate governance practices. This statement summarises the Corporate Governance policies and practices adopted by the Company and its controlled entities (collectively the **Group**) at the date of this report.

ROLE OF THE BOARD

The Board represents shareholders' interests in maintaining a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of those goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- appointing and removing the Managing Director, the Executive Director and any other executives and approving their remuneration;
- appointing and removing the Chief Financial Officer and Company Secretary and approving their remuneration;
- determining the strategic direction of the Group and measuring performance of management against approved strategies;
- review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring progress against both financial and non-financial key performance indicators;
- monitoring the Group's medium term capital and cash flow requirements;
- approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

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

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist

committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end, the Board has established the following committees:

- Audit; and
- Remuneration and Nomination.

The roles and responsibilities of these committees are discussed later within this Corporate Governance Statement.

The Board has also resolved to establish a Safety and Environment Committee comprising all Directors in the near future.

MANAGEMENT FUNCTIONS

The Company has established the functions that are reserved for management. Management is responsible, on a shared basis with and subject to the approval of the Board, for developing strategy, and is directly responsible for implementing the Company's strategy. Management is also responsible for safeguarding the Company's assets, maximising the utilisation of available resources and for creating wealth for Atlantic's shareholders.

COMPOSITION OF BOARD

The Board comprises five Directors, being two Executive Directors and three Non-Executive Directors. Two Non-Executive Directors are considered to be independent and one Non-Executive Director is considered not to be independent due to his role with a new substantial shareholder of the Company following the recent prospectus offer dated 16 September 2010. The Board does not comprise a majority of independent Directors.

Director	Independent	Non-executive	Term in office
Ian McMaster	Yes	Yes	5 months
Michael Minosora	No – Managing Director	No	1 year
Tony Veitch	No – Executive Director	No	3 years, 2 months
Alan Mulgrew	Yes	Yes	5 months
Jay Wachter	No	Yes	5 months

EVALUATION OF THE BOARD, COMMITTEES AND SENIOR MANAGEMENT

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

BOARD COMMITTEES

AUDIT COMMITTEE

The Board has established an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The members of the Audit Committee are:

Mr Jay Wacher – Chairman
Mr Ian McMaster
Mr Alan Mulgrew

All members of the Audit Committee are Non-Executive Directors. A majority of the Committee is independent.

A copy of the Audit Committee Charter is available on the Company's website.

REMUNERATION AND NOMINATION COMMITTEE

The role of the Remuneration and Nomination Committee is to assist the Board in establishing policies and practices which:

- enables the Company to attract and retain capable Directors and employees who achieve operational excellence and create value for shareholders;
- reward employees fairly and responsibly, taking into consideration the results of the Company, individual performance and industry remuneration conditions; and
- assist the Board to meet its oversight responsibilities in relation to Corporate Governance practices.

The members of the Remuneration and Nomination Committee are:

Mr Jay Wacher – Chairman
Mr Ian McMaster
Mr Alan Mulgrew

All members of the Remuneration and Nomination Committee are Non-Executive Directors. A majority of the Committee is independent.

A copy of the Remuneration Committee Charter is available on the Company's website.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

All Directors have the right of access to all relevant Company information, to the Company's executives and, subject to prior consultation with the Chairman, may seek

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independent professional advice concerning any aspect of the Company's operations or undertakings at the Company's expense.

CODE OF CONDUCT

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

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

The principles of the code are:

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

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

CODE OF ETHICS AND CONDUCT

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

All Directors and employees are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;

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- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
 - perform their duties in ways that minimise environmental impacts and maximise workplace safety;
 - exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
 - act with honesty, integrity, decency and responsibility at all times.

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

CONFLICTS OF INTEREST

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

DEALINGS IN COMPANY SECURITIES

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

Inside information is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

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

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

This prohibition applies regardless of how the employee or Director learns the information (e.g. even if the employee or Director overhears it or is told in a social setting). Directors and senior executives of Atlantic are required to notify the Company Secretary before dealing in the Company's securities.

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing Rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

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

A copy of the Company's Securities Dealing Policy is available on the Company's website.

CONTINUOUS DISCLOSURE

The Company is committed to providing relevant up-to-date information to its shareholders and the broader investment community in accordance with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Board has implemented a Continuous Disclosure Policy to ensure that information considered material by the Company is immediately reported to the ASX. Other information such as Company presentations are also disclosed to the ASX and are on the Company's website.

The Company's website provides access to all current and historical information, including ASX announcements, financial reports and other releases.

SHAREHOLDER COMMUNICATION

In adopting a Continuous Disclosure Policy, the Board ensures that shareholders are provided with up-to-date information.

Communication to shareholders is facilitated by the production of the annual report, quarterly and half yearly reports, public announcements and the posting of all ASX announcements and other information on the Company's website.

Shareholders are encouraged to attend and participate in the Annual General Meeting (**AGM**) of the Company. Shareholders may raise questions at the AGM and the external auditor is in attendance at such meetings to address any questions in relation to the conduct of the audit.

RISK MANAGEMENT

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Executive Director having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include regular reporting to the Board in respect of operations and the financial position of the Group.

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ASX BEST PRACTICE RECOMMENDATIONS

The table below contains a list of each of the ASX Best Practice Recommendations and whether the Company was in compliance with the recommendations at the end of the year. Where the Company considers that it is divergent from these recommendations, or that it is not practical to comply, there is an explanation of the Company's reasons set out below the table.

	Principle/Recommendation	Complied
1	Lay solid foundations for management and oversight	
1.1	Establish and disclose the functions reserved to the Board and those delegated to management.	√
1.2	Disclose the process for evaluating the performance of senior executives.	√
2	Structure the Board to add value	
2.1	A majority of the Board should be independent directors.	See Note 1
2.2	The chair should be an independent director.	√
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	√
2.4	The Board should establish a nomination committee.	√
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	√
3	Promote ethical and responsible decision making	
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	√
3.2	Disclose the policy concerning trading in Company securities by directors, officers and employees.	√
4	Safeguard integrity in financial reporting	
4.1	The Board should establish an Audit Committee.	√
4.2	The Audit Committee should be structured so that it: <ul style="list-style-type: none"> • consists of only non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the Board; • has at least three members. 	See Note 2
4.3	The audit committee should have a formal charter.	√
5	Make timely and balanced disclosure	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	√
6	Respect the rights of shareholders	

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	Principle/Recommendation	Complied
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	√
7	Recognise and manage risk	
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	√
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.	√
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.	√
8	Remunerate fairly and responsibly	
8.1	The Board should establish a remuneration committee	√
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	√

Note 1: For the financial year, a majority of the Board were independent directors. Mr Jay Wacher ceased to be an independent director on 22 September 2010 when a company of which he is a Director become a substantial shareholder of Atlantic. Mr Wacher does not have a relevant interest in the shares held by the substantial shareholder.

Note 2: Mr Wacher is Chairman of the Company's Audit Committee. Mr Wacher ceased to be an independent director on 22 September 2010 as disclosed in Note 1 above. The Board intends to review this situation in the context of the current Audit Committee Charter.

Various corporate governance practices are discussed within this statement. For further information on the Company's corporate governance practices and policies, please refer to the Company's website.