

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Stratatel Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Stratatel Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Stratatel Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the board to add value

Principle 3. Promote ethical and responsible decision making

Principle 4. Safeguard integrity in financial reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Remunerate fairly and responsibly

Stratatel Limited's corporate governance practices were in place throughout the year ended 30 June 2009 and were fully compliant with the Council's best practice recommendations except where noted.

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board of Directors are accountable to the shareholders for the proper management of the business and affairs of Stratatel. The Board and executive management use their diverse skills and knowledge to work towards consistently operating in the best interests of the company.

The Board has confirmed its roles and responsibilities in a written charter.

The role of the Board is to oversee the strategic direction and management of the company and to oversee the financial position on behalf of its shareholders. The Board undertakes to serve and protect the interests of shareholders, as well as employees, customers and all other interested stakeholders.

The Board undertakes the following primary functions and responsibilities:

- oversight of the company;
- approve, monitor and modify the strategic direction of the company;
- ratify the appointment of the Chief Executive Officer, Chief Financial Officer and Company

Secretary;

- monitor the performance of executive management;
- ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitor and approve financial results;
- approve and monitor the progress of major capital expenditure, capital management, acquisitions and divestures; and
- comply with the reporting and other requirements of the law.

The Board has delegated the daily financial and operational management of the company to the executive management, who are responsible to the Board.

STRUCTURE OF THE BOARD

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of Stratatel

Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

In the context of director independence, ‘materiality’ is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the group’s loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Stratatel Limited are considered to be independent:

Name	Position
I Macliver	Chairman, Non-Executive
G Lambert	Non-Executive Director
G Baillie	Non-Executive Director

There are procedures in place, agreed by the Board, to enable directors in the furtherance of their duties to seek independent professional advice at the company’s expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
-------------	-----------------------

I Macliver	9 years
M Fairclough	11 years
G Lambert	9 years
G Baillie	2 years

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the Chairman and Managing Director conducted performance evaluations that involved an assessment of each Board member's and key executive's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of Stratatel Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

The Board acknowledges the work of the directors, executive management and employees can always be improved and that their performance should be examined regularly against both measurable and qualitative indicators.

Whilst the Board has not established a formal Nomination Committee due to the relatively small size of the company, the role of the Nomination Committee is adequately exercised by the Board in its entirety. The Board, in this capacity, are responsible for ensuring the effectiveness of the reviews and also that adequate induction procedures are implemented to allow new Board appointees and executive management to fully participate in Board deliberations and Stratatel operations, respectively, at the earliest opportunity.

Directors, executive management and employees have access to continuing education and training to enable them to enhance and improve their knowledge and skills.

The Company Secretary is appointed by and reports to the Board on all corporate governance issues. She is responsible for the provision of timeframes and information to enable the Board to

effectively discharge its duties and responsibilities. All directors of Stratatel have access to the Company Secretary to assist them in carrying out their role.

Remuneration Committee

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive management by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors and executives emoluments to the company's financial and operational performance.

The expected outcomes of the remuneration structures are:

- retention and motivation of key executives;
- attraction of high quality management to the company; and
- performance incentives that allow executives to share the success of the company.

For a full discussion of the company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the Chief Executive Officer and executive team. The Board has established a Remuneration Committee, comprising of two nonexecutive directors and one executive director during the period.

Members of the Remuneration Committee throughout the year were:

I Macliver (Chairman)

G Lambert

M Fairclough

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to page 11 of the Directors' Report.

PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

All directors, officers, executive management and employees are expected to act with integrity and objectivity, striving at all times to enhance the performance and reputation of the company. They must always act in accordance with the interests of shareholders, employees, customers and other interested stakeholders.

The Board has established a Code of Conduct for Directors which is designed to ensure that Directors have a clear understanding of the Company's expectations of their conduct. This Code deals with the following issues:

- Fiduciary Responsibilities
- Duties
- Conflict of Interest
- Disclosure of Benefits
- Needs in Relation to Information and Advice
- Confidentiality
- Trading in Company Securities
- Responsibility for Accounts
- Obligations in Relation to Health, Safety and Environment
- Product Integrity
- Deed of Access, Indemnity and Insurance

A Code of Conduct has also been established for application to Directors, staff and consultants.

This Code deals with the following issues:

- Ethics

- Treatment of Colleagues
- The Law
- Secret Commissions and Gifts
- Conflicts of Interest
- Confidentiality and Protection of Assets and Information
- Unauthorised Public Statements
- Trading in Company Securities
- Political Contributions or Donations
- Breaches of the Code of Conduct

The Code of Conduct for Directors and the Code of Conduct (for directors, staff and consultants) are posted on the Company's web site.

Share Trading

The company's Share Trading Policy regulates dealings by the company's directors, officers, executive management, vendors, consultants and employees in shares, options and other securities issued by the company.

Consistent with the legal prohibition relating to insider trading all of the parties listed are prohibited from trading in the company's shares, options or other securities whilst in the possession of unpublished price sensitive information which concerns the company.

Price sensitive information is information that reasonable person would expect to have a material effect on the price or value of the company's securities.

The Share Trading Policy restricts the trading of securities in the company throughout the year without express permission of the Board, except during the 21 days immediately following the release of Stratatel's half-yearly and yearly results, and then only if the individual is not in possession of price sensitive information.

SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The company has in place policies and procedures to ensure the accuracy and factual presentation of its financial position. The Board also undertakes to monitor and assess the integrity of the financial reports.

Stratatel requires that the Chief Executive Officer and Chief Financial Officer state in writing to the Board that the company's financial reports present a true and fair view, in all material aspects, of Stratatel's financial condition and operational results and that they are in accordance with relevant accounting standards.

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 such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are independent non-executive directors.

The members and qualifications of the Audit Committee during the year were:

Name	Qualifications
I Macliver	B.Comm., CA, F Fin
G Lambert	M.Econ., SAFin, FAICD
G Baillie	FAICD

The Audit Committee's Charter contains details about the Committee's roles and responsibilities, composition, structure and membership requirements. It also contains information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit partners.

The meetings and attendance of the Audit Committee are detailed on page 11 of the Directors' Report.

MAKE TIMELY AND BALANCED DISCLOSURE

In compliance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules, the company is committed to the principles of timely and balanced disclosure through the adoption and adherence of a Continuous Disclosure Policy.

Stratatel's Chief Executive Officer and Company Secretary, with Board approval, carry the responsibility and accountability to ensure the principles of continuous disclosure are upheld and maintained. These principles ensure the ASX and media releases are timely, reviewed, and that they are factual and are presented in a clear and balanced way.

RESPECT THE RIGHTS OF SHAREHOLDERS

Stratatel recognises the importance of this principle and will at all times strive to communicate regularly and clearly with its shareholders.

The Stratatel website includes a section for investors where all announcements released by the company to the ASX can be viewed, including general releases, meeting information, financial reports and investor presentations. This is updated as announcements are released to the ASX so that shareholders have ready access to company information.

Investors and shareholders can also subscribe to the company's electronic mailing list to receive all company announcements as they are uploaded to the Stratatel website. Interested parties are encouraged to visit the Stratatel website and complete the on-line e-mail subscription form.

Shareholders are encouraged to attend and participate at general meetings. They are encouraged to vote on resolutions presented at the Annual General Meeting including the

appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the Stratatel Constitution.

Stratatel will request the attendance at the Annual General Meeting of the external auditors so they are readily available to answer questions about the conduct of the audit and the preparation and content of the Auditor's Report.

RECOGNISE AND MANAGE RISK

The Board, together with executive management, continuously seek to identify, monitor and mitigate risk. The Audit Committee is responsible for adopting policies on risk oversight and management.

Currently the company has the following risk management controls embedded in the company's management and reporting system:

- a comprehensive annual insurance program;
- strategic and operational business plans; and
- annual budgeting and monthly reporting systems which enable the monitoring of performance against expected targets and the evaluation of trends.

The company requires the Chief Executive Officer and the Chief Financial Officer state to the Board, in writing, that:

- the integrity of financial statements is founded on a sound system of risk management and internal compliance and control; and
- Stratatel's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects.

REMUNERATE FAIRLY AND RESPONSIBLY

Stratatel's current remuneration practices are set to enable the company to attract and retain highly talented and motivated directors, executive management, and employees.

The Remuneration Report details and discloses the annual remuneration for key management personnel.

The company has established a Remuneration Committee to adopt and review remuneration policies which will:

- enable the company to attract and retain directors (executive and non-executive) and senior management who will create sustainable value for all stakeholders; and
- fairly and responsibly reward executive management and directors, having regard to the performance of the company, the performance of the individual and the market indicators.

Details of the Remuneration Committee members and meetings attended can be found earlier in this Statement.

Fees paid to non-executive directors are detailed in Table 1 on page 9 of the Directors' Report. The Board are paid their fees in cash, including statutory superannuation contributions. They do not receive any bonus payments nor are they entitled to any payment upon retirement or resignation.

FINANCE AND TREASURY COMMITTEE

The role of the Finance and Treasury Committees is handled by the Board. The Board is responsible for:

- establishing and monitoring the company's capital management strategy, including dividend payment strategies, for consideration;
- assessing the company's funding requirements and assessing specific funding proposals; and
- monitoring borrowings from financial institutions and compliance with borrowing covenants;
- monitoring the financial risks and exposure from movements in interest rates and exchange rates undertaken by the board.

Due to the size of the company a formal Finance and Treasury Committee has not been established with the Board undertaking this role as part of its duties.

NOMINATION COMMITTEE

The Board has not formally established a Nomination Committee, with the Board performing the function of the Nomination Committee when required, including when necessary, selecting candidates for the position of director.