

## CORPORATE GOVERNANCE STATEMENT

To ensure the Company operates effectively and in the best interests of shareholders, having regard to the nature of the Company's activities and its size, the Board has adopted the revised Corporate Governance Principles and Recommendations 3rd Edition (as amended at 1 July 2014) issued by the ASX Corporate Governance Council, subject to the exceptions noted below.

Principles and Recommendations	Adoption Yes/No	If not, Explanation Provided
<b>Principle 1 – Lay Solid Foundations for Management and Oversight</b>		
Recommendation 1.1 - Companies should disclose the roles and responsibilities of its board and management, those expressly reserved to the board and those delegated to management.	Yes	
Recommendation 1.2 - Companies should undertake appropriate checks prior to the appointment or election of a director and provide shareholders with information relevant to the election of a director.	Yes	
Recommendation 1.3 - Companies should have written agreements as to the appointment of directors and senior executives.	Yes	
Recommendation 1.4 – The company secretary should be accountable directly to the board, through the chairman, as to the proper functioning of the board.	Yes	
Recommendation 1.5 – Companies should have and disclose a diversity policy setting measureable objectives for achieving gender diversity and annually assess and disclose the objectives and progress towards their achievement.	No	Yes
Recommendation 1.6 – Companies should have and disclose processes for evaluating board, committee and director performance, and disclose any performance evaluation undertaken.	Yes	
Recommendation 1.7 - Companies should have and disclose processes for evaluating senior executive performance, and disclose any performance evaluation undertaken.	Yes	
<b>Principle 2 – Structure the Board to Add Value</b>		
Recommendation 2.1 - The board should establish a nomination committee of at least three non-executive directors (the majority being independent), chaired by an independent director, not being the chairman, and disclose the committee charter, qualifications and experience of the committee members and the frequency and attendees of the committee's meetings. If not, companies should disclose its processes that ensure board succession, skills, knowledge, experience, independence and diversity.	No	Yes
Recommendation 2.2 - Companies should have and disclose a board skills matrix setting out the mix of skills and diversity available to the Board.	Yes	
Recommendation 2.3 - Companies should disclose their independent directors, any interest, position or association that the Board considers does not compromise independence, and why, and the length of each director's service.	Yes	
Recommendation 2.4 - A majority of the Board should be independent directors.	No	Yes
Recommendation 2.5 - Companies should have an independent director as chairman who should not also hold the position of CEO.	Yes	
Recommendation 2.6 - Companies should have an induction program for new directors and provide professional development opportunities for directors.	Yes	
<b>Principle 3 – Promote Ethical and Responsible Decision-Making</b>		
Recommendation 3.1 - Companies should establish a code of conduct and disclose the code or a summary of the code.	Yes	
<b>Principle 4 – Safeguard Integrity in Corporate Reporting</b>		
Recommendation 4.1 - The board should establish an audit committee of at least three non-executive directors (the majority being independent), chaired by an independent director, not being the chairman, and disclose the committee charter, qualifications and	No	Yes

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experience of the committee members and the frequency and attendees of the committee's meetings.		
Recommendation 4.2 - Companies should prior to approval of financial statements receive from the CEO and CFO a declaration that financial records have been properly maintained, the financial statements comply with the accounting standards, give a true and fair view of the financial position based on sound risk management, and that internal controls are operating effectively.	Yes	
Recommendation 4.3 - Companies should ensure that their external auditor attends the AGM and is available to answer questions relevant to the audit.	Yes	
<b>Principle 5 – Make Timely and Balanced Disclosure</b>		
Recommendation 5.1 - Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	
<b>Principle 6 – Respect the Rights of Shareholders</b>		
Recommendation 6.1 - Companies should provide information about themselves and their governance on their website.	Yes	
Recommendation 6.2 - Companies should design and implement an investor relations program to facilitate communication.	Yes	
Recommendation 6.3 – Companies should disclose their policies and processes to facilitate and encourage participation at shareholder meetings.	Yes	
Recommendation 6.4 – Companies should give shareholders the option to receive and send messages to the Company and its share registry electronically.	Yes	
<b>Principle 7 – Recognise and Manage Risk</b>		
Recommendation 7.1 - The board should establish a committee to oversee risk of at least three directors, the majority being independent, chaired by an independent director, and disclose the committee charter, committee members, and the frequency and attendees of the committee's meetings.	No	Yes
Recommendation 7.2 - The board or a board committee should review the company's risk management framework annually as to soundness and disclose in relation to each reporting period whether the review has taken place.	Yes	
Recommendation 7.3 - Companies should disclose if they have an internal audit function how the function is structural and what role it performs, and if it does not have an internal audit function disclose that fact and the processes employed for evaluating and continually improving its risk management and internal control processes.	Yes	
Recommendation 7.4 - Companies should disclose if they have any material exposure to economic, environmental and social sustainability risks and if so how it manages those risks.	Yes	
<b>Principle 8 – Remunerate Fairly and Responsibly</b>		
Recommendation 8.1 - The board should establish a remuneration committee of at least three directors, the majority being independent, chaired by an independent director, and disclose the committee charter, members of the committee and the frequency and attendees of the committee's meetings.  If the company does not have a remuneration committee that fact should be disclosed and the processes employed for setting directors and senior executives remuneration and ensuring that remuneration is appropriate and not excessive.	No	Yes
Recommendation 8.2 – Companies should separately disclose their policies and practices for remuneration of non-executive and executive directors and senior executives.	Yes	
Recommendation 8.3 - Companies which have equity based remuneration schemes	Yes	

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should have a policy on whether participants are permitted to enter transactions (such as derivatives or otherwise) which limit the economic risk of scheme participation, and disclose the policy or a summary.		
Recommendation 8.4 – Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	

### Principle 1 – Lay Solid Foundations for Management and Oversight

#### 1.1 Role of the Board and Management

The Board of Directors of Global Petroleum Limited is responsible for its corporate governance, that is, the system by which the Group (Global Petroleum and its subsidiaries) is managed. The Board represents shareholders' interests in continuing 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 that 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 these goals. The Board is also responsible for supervising for the day-to-day management of the Group undertaken by the Managing Director.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer 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 the progress by 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;
- Reviewing and ratifying 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 has formalised the respective roles and responsibilities of the Board and management in a Board Charter (incorporating a Role Statement, a Corporate Governance Statement and a Directors' Code of Conduct). A copy of the Board Charter is available on this website. The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

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### *1.2 Probity Checks for Director Appointments*

The Company has probity processes in place (in accordance with the Board Charter) to confirm the appropriateness of candidates for appointment and election as Directors. The results of these processes are made available to shareholders when recommending a candidate for election as a Director.

### *1.3 Written Agreements for Director Appointments*

The Company has written agreements (in accordance with the Board Charter) with each Director and the Managing Director setting out the terms of their appointment.

### *1.4 Company Secretary Reporting*

The Company Secretary (in accordance with the Board Charter) reports directly to the Board, through the Chairman, as to the proper functioning of the Board.

### *1.5 Diversity Policy*

Currently the Company has only one employee, the Managing Director/Chief Executive Officer. Since the Company does not have a significant staff size, the Board as a whole is responsible for ensuring that diversity principles are considered in matters of staff selection and in ensuring that all legislation promoting gender and ethnic diversity and equal opportunity are observed. As the Company grows and staff numbers increase the Board will set measurable objectives for the promotion of diversity within its Board and staff.

### *1.6 Evaluating Board and Director Performance*

The Company has a process for periodically evaluating (in accordance with the Board Charter) its Board and Director performance and annually discloses the results of that evaluation each reporting period.

### *1.7 Evaluating Senior Executive Performance*

The Company has a process for periodically evaluating (in accordance with the Board Charter) its MD/CEO performance and discloses the results of that evaluation each reporting period.

## **Principle 2 – Structure the Board to Add Value**

### *2.1 Nomination Committee*

A nomination committee has not been formed under recommendation 2.1. The Board as a whole considers the composition of the Board and appointment of new Directors, including the mix of skills, knowledge and experience required for the proper function of the Board. The Board identifies suitable candidates to fill vacancies as they arise.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically to determine if a Nominations Committee is required for the Board to properly perform its responsibilities and functions.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board includes quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001 (Cth), the Board does not subscribe to the principle of a compulsory retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke this appointment according to the terms of this agreement.

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### 2.2 Global Petroleum Limited – Board Matrix

DIRECTOR	GENDER	QUALIFICATIONS	SKILLS/ KNOWLEDGE	EXPERIENCE	INDEPENDENT
Mr John van der Welle	Male	B.Sc. ACA	Accountancy/Finance /Corporate Management	Mr van der Welle, is a chartered accountant with 30 years' experience in the oil and gas industry and is currently a non-executive director of AIM listed exploration companies Hurricane Energy Plc and Lekoil Limited, both of which had IPOs on AIM in 2013-2014. Mr van der Welle has previously been a senior executive with, or director of, a number of UK listed upstream oil and gas companies – Enterprise Oil, Hardy Oil and Gas, Premier Oil, First Calgary Petroleum and Stratic Energy Corp. John was also a non-executive director of Madagascar Oil from its IPO on AIM in 2010 until December 2012.	Yes
Mr Peter Hill	Male	MA Law (Oxon)	Corporate Management/Law	Mr Hill has extensive experience in the energy sector as a senior executive with a significant track record worldwide in high-level M&A and business development roles, primarily in the oil industry. Most recently Mr Hill was the global head of Corporate M&A for Statoil ASA, where he was responsible for several large transactions, being a key member of the team responsible for Statoil's merger with Norsk Hydro Oil & Gas in December 2006, and leading the acquisition of EnCana's Gulf of Mexico deepwater assets in 2005. Prior to agreeing to join Global, Mr Hill was responsible for supervising execution of the IPO of Statoil's Energy & Retail division in the latter part of 2010.  Previously Mr Hill set up the international business of Waterous & Co as Managing Director in the UK, and before that worked for Enterprise Oil Plc for many years, latterly as Head of International New Ventures. Mr Hill started in the energy industry with Total Oil Marine and is a UK qualified solicitor, having commenced his career with Clifford Chance.	No
Mr Peter Blakey	Male	B.Sc CEng	Corporate Management/ Engineering	Mr Blakey and Mr Taylor are joint chairmen of TM Services Ltd, an international oil and gas consulting company. In 1991, they were founding members and directors of TM Oil Production Ltd, which became Dana Petroleum Plc. This company was subsequently purchased by KNOC in October 2010. They were also founding members and directors of Consort Resources Ltd, which has become a significant North Sea gas production company, and of Planet Oil which was merged with Hardman Resources in 1998.	No
Mr Peter Taylor	Male	B.Sc CEng	Corporate Management/ Engineering		No
Mr Andrew Draffin	Male		Accountancy/Corporate Management	Mr Draffin is a chartered accountant with 17 years' experience in financial reporting, treasury management and corporate advisory services. He currently provides services as a Director, Company Secretary and CFO to ASX listed, OTCQX listed and private companies operating in the renewable energy, exploration and mining and the investment sectors. Mr Draffin is a Director of EnviroMission Ltd and Gladitor Resources Ltd.	Yes
Mr Damien Cronin	Male	MAICD MQLS	Corporate Management/ Corporate Governance/Law	Mr Cronin is a solicitor who has over 25 years' experience in the oil and gas and resources sectors and has held senior legal and commercial roles with Rio Tinto, Shell, Duke Energy and Incitec Pivot. He has previously served as Company Secretary to a number of listed public companies in the oil and gas sector including Sunshine Gas Limited, Blue Energy Limited and as secretary to the operating committee of a number of mining joint ventures, including that for the Sonoma Coal Mine.	Yes

### 2.3 Independent Directors

The Company's Constitution provides that the number of Directors is not to be less than three and not more than ten. There is no requirement for any shareholding qualification.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the Directors which define an independent director to be a Director who:

- is non-executive;

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- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a Director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual Director's net worth is considered material for these purposes.

The Board has three independent Directors and three non-independent Directors. The Directors considered to be independent are:

John van der Welle  
Andrew Draffin  
Damien Cronin

Damien Cronin Pty Ltd trading as Law Projects, a company associated with Mr Cronin, is paid to provide company secretarial services to the Company. The Board considers that this relationship is not material or significant enough to impact the independent judgment of Mr Cronin.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

The length of service of each is as follows:

Name	Position	Date Appointed
John van der Welle	Non-executive Chairman	10/02/2014
Peter Hill	Chief Executive Officer / Managing Director	01/09/2011
Peter Taylor	Non-executive Director	04/10/2001
Peter Blakey	Non-executive Director	04/10/2001
Damien Cronin	Non-executive Director / Company Secretary	31/12/2011
Andrew Draffin	Non-executive Director	10/06/2016

### 2.4 Majority of Independent Directors

Due to the size of the Company, there is not a clear majority of the Board who are independent directors. Given the relative size of the Company, the interests of the shareholders represented on the Board and the stage of its development, the Directors consider the current Board composition as appropriate. The situation will be monitored and changed in line with best practice as and when the Directors feel the company is of sufficient size.

### 2.5 Independent Chairman

The Company has separate roles of Non-executive Chairman and Managing Director/CEO. The Company's Chairman is a Non-executive Chairman and as such is an independent director.

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### *2.6 Director's Induction and Development Program*

The Board considers that its Directors are suitably qualified and experienced to fulfil their roles, and that the Board possesses the correct mix of skills for the Board to be able to carry out its function effectively. The Board has in place systems and procedures to ensure Directors receive continuing education to ensure they are up to date with their responsibilities as Directors and carry out the work of their roles effectively and efficiently.

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Group's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

### **Principle 3 – Act Ethically and Responsibly**

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

#### **Conflicts of Interest**

In accordance with the Corporations Act 2001 (Cth) 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 Group. 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 while the item is considered.

#### **Code of Conduct for Directors**

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. A copy of the Directors' Code of Conduct is incorporated in the Board Charter and is available on this website.

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.
- 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.

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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 Employee Code of Business Conduct, as outlined below.

### **Employee Code of Business Conduct**

The Employee Code of Business Conduct provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

All employees and Directors are expected to:

- Respect the law and act in accordance with it;
- Respect confidentiality and not misuse Group information, assets or facilities;
- Value and maintain professionalism;
- Avoid real or perceived conflicts of interest;
- Act in the best interests of shareholders;
- By their actions contribute to the Group'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 or Director that breaches the Employee Code of Business Conduct may face disciplinary action. If an employee or Director suspects that a breach of the Employee Code of Business Conduct has occurred or will occur, he or she must report that breach to management. No employee or Director 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.

### **Trading in General Company Securities by Directors and Employees**

The Group's Securities Trading Policy imposes trading restrictions on when Key Management Personnel (KMP) and other employees of the Group may deal in the Company's securities, in order to reduce the risk of insider trading. A copy is available on this website.

The Securities Trading Policy prohibits KMP and other employees from dealing in the Company's securities if he or she has information that he or she knows, or ought to reasonably know, is inside information. 'Inside information' is information that is not generally available and if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

The Securities Trading Policy also provides prescribed closed periods during which KMP are prohibited from dealing in the Company's securities (subject to certain limited exceptions). The 'closed periods' are based around the release of material information including annual and half yearly results, quarterly cash flow reports, and results from feasibility studies, exploration and corporate activities.

In addition, if an employee (including a KMP) has information that he or she knows, or ought reasonably to know, is inside information, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to deal in the Company's securities or procure another person to deal in the Company's securities. This prohibition applies regardless of how the employee learns the information (e.g. even if the employee overhears it or is told in a social setting).

KMP must obtain written clearance from an approving officer at least two business days prior when a KMP intends to deal in Company securities. KMP must then notify the Company Secretary of any dealings in the Company's securities within two business days of such deal occurring.

### **Interests of Other Stakeholders**



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The Group's objective is to leverage into oil and gas projects to provide a solid base in the future from which the Group can build its oil and gas business and create wealth for shareholders. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Business Conduct, as outlined above.

### **Principle 4 – Safeguard Integrity in Corporate Reporting**

#### *4.1 Audit Committee*

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of separate Audit Committee at this time. The Board as a whole is able to address the audit, risk and other governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of a separate Audit Committees will be reviewed by the Board and implemented if appropriate.

#### *4.2 CEO/CFO Financial Declaration*

The Board receives a written declaration in accordance with Section 295A of the Corporations Act 2001 (Cth) the Chief Executive Officer, Mr Peter Hill and the Chief Financial Officer (CFO) or equivalent within Robotham Consulting, the Company's external accountants, that to the best of their knowledge and belief that financial records have been properly maintained, the financial statements comply with the accounting standards, give a true and fair view of the financial position based on sound risk management, and that internal controls are operating effectively.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

#### *4.3 Auditor Attendance at AGM*

The Company has in place a procedure whereby it ensures that its external auditor attends its AGM, in accordance with the requirements of Section 250RA of the Corporations Act 2001 (Cth) and is available to answer questions relevant to the audit.

### **Principle 5 – Make Timely and Balanced Disclosure**

#### *5.1 Continuous Disclosure to the Australian Securities Exchange ('ASX')*

The Group's Continuous Disclosure Policy requires all executives and Directors to inform the Chairman or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information. A copy is available on this website.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

- a) It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and
- b) The information is confidential; or
- c) One of the following applies:
  - i. It would breach a law or regulation to disclose the information;
  - ii. The information concerns an incomplete proposal or negotiation;

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- iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- iv. The information is generated for internal management purposes;
- v. The information is a trade secret;
- vi. It would breach a material term of an agreement, to which the Group is a party, to disclose the information; or
- vii. The information is scientific data that release of which may benefit the Group's potential competitors.

The Chairman is responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

### **Principle 6 – Respect the Rights of Shareholders**

#### *6.1 Website Information*

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Reporting and Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on this website.

#### *6.2 Investor Relations Program*

The Company has in place a key investor relations program that aims to facilitate effective two-way communication with investors. This program's design and implementation is periodically reviewed by the Board. The program involves:

- regular meetings with key existing and potential shareholders, institutional investors, brokers, fund managers and industry analysts; and
- regular presentations to these key stakeholders on the Company's activities and on its industry outlook. Those presentations are released to the ASX prior to or contemporaneously with the giving of those presentations in accordance with the ASX Listing Rules and the Company's Continuous Disclosure Policy.

#### *6.3 Encouraging Participation at Shareholder Meetings*

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

#### *6.4 Encouraging Electronic Communication*

The Company's Communications Strategy seeks to promote effective electronic communication with shareholders.

### **Principle 7 – Recognise and Manage Risk**

#### *7.1 Risk Committee*

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The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of separate Risk Committee at this time. The Board as a whole is able to address the audit, risk and other governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of a separate Risk Committee will be reviewed by the Board and implemented if appropriate.

### *7.2 Review of Risk Management Framework*

The Group has a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- fluctuations in oil and gas prices and exchange rates;
- accuracy of oil and gas reserve estimates;
- reliance on licenses, permits and approvals from governmental authorities; and
- changed operating, market or regulatory environments.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value. The Board has adopted a Risk Management Policy.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

The Board is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. The Company Secretary reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2014 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

The Board regularly reviews the performance of its personnel against the Company's Code of Business Conduct to ensure the quality and integrity of its personnel.

### *7.3 Internal Audit Function*

The Company does not have an internal audit function. The Board as a whole, in conjunction with its external auditor, discharges the function of evaluating and continually improving the effectiveness of its risk management and control processes in accordance with the Company's Risk Management Policy.

### *7.4 Economic, Environmental and Social Sustainability Risks*

The Company's performance is subject to economic and market conditions which impact on the oil and gas sector.

## **CORPORATE GOVERNANCE STATEMENT**

Additionally, the Company's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Company to achieve.

The Company's operations are also subject to social sustainability and social licence to operate risks apply generally to the whole of the oil and gas sector. The Company's Risk Management Policy incorporates these risks into a formal risk profile prepared by Management to keep the Board informed about risks of this nature facing the Company. This risk profile is reviewed and updated at least annually.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

### **Principle 8 – Remunerate Fairly and Responsibly**

#### *8.1 Remuneration Committee*

The Company does not have a dedicated Remuneration Committee but rather the task of ensuring that the level of director and executive remuneration is appropriate and not excessive, and that its relationship to performance is clear, is dealt with by the full Board. The Board Charter is available on this website.

#### *8.2 Remuneration Policies and Practices*

The Board Charter sets out the Company's policies and practices regarding the remuneration of non-executive and executive directors and other senior executives.

#### *8.3 Limiting the Economic Risk of Equity Schemes*

Senior executives and Directors are prohibited from entering into transactions in associated products (such as derivatives or contracts for differences) which limit the economic risk of participating in unvested entitlements under any equity based remuneration packages, such as options and employee incentive rights.

#### *8.4 Reporting on Principle 8*

The Audited Remuneration Report included as part of the Director's Report in the Company Annual Report provides reporting information on Principle 8.