

## INTRODUCTION

This Board Charter sets out the following:

1. Role of the Board
2. Matters reserved for the Board
3. Responsibilities of the Board
4. Board composition
5. Committees and delegation of responsibilities
6. Board Meeting requirements
7. Board Charter review frequency
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## 1. ROLE OF THE BOARD

### 1.1 Primary role

The role of the Board is to set the strategic direction for the Company and to appoint and oversee senior executives in their implementation and progression of the strategic plan.

### 1.2 Objectives

The key objective of the Board is to increase shareholder value by successful acquisition, development and production initiatives whilst acting within the framework of the Company's Constitution, applicable legislation and in a manner that reflects an acceptable standard of governance.

## 2. MATTERS RESERVED FOR THE BOARD

### 2.1 Powers reserved to the Board

In addition to those matters that are required by law or securities exchange listing rules to be approved by the Board the following powers are reserved to the Board:

- a) Appointment and removal of the Chair, Lead Independent Director, CEO, CFO and Company Secretary;
- b) Approval of the terms and conditions governing the appointment, remuneration and termination of the CEO and Executive Directors, including incentives;
- c) Approval of the strategic plan, at least annually;
- d) Approval of the annual and any interim consolidated corporate budget;
- e) Approval of the annual and half yearly financial and directors' reports, including the remuneration report and corporate governance statement, with advice from the Remuneration and Nomination Committee and the Audit and Risk Management Committee, as appropriate;
- f) Approval of Notice of Meeting and Proxy for the AGM and other Members' meetings;
- g) Approval of information for disclosure to the market that contains or relates to any new financial and / or production results or projections, statements as to future financial performance or changes to Company strategy;
- h) Approve delegations of authority to the CEO and authorise expenditure in excess of the of the approval limits delegated to the CEO;
- i) Authorise any single unbudgeted expenditure above an amount as established by the Board from time to time;
- j) Approval proposals for the acquisition, establishment, disposal or cessation of any significant business of the Company or significant changes to corporate structure;

- k) Authorise the issue of shares, options or other equity-based securities including the documentation in relation to such;
- l) Approval of borrowings and the granting of security over, or interests in the Company or any of its material assets including the documentation in relation to such;
- m) Determine membership and approve Charters of Board Committees;
- n) monitor the effectiveness of the Company's corporate governance practices;
- o) Appointment of Directors, and where required for election by shareholders at the next Annual General Meeting;
- p) Approval of Remuneration Policy and ensure alignment with purpose, values, strategic objectives and risk appetite;
- q) Approval of Key Performance Indicators (KPIs) for CEO and Executive Directors;
- r) Approve the appointment and removal of the external auditor; and
- s) Approve significant or material corporate policies of Company.

### **3. RESPONSIBILITIES**

#### **3.1 Responsibilities of the Board**

In addition to those matters specifically reserved for the Board in section 2 and the Company's constitution, the Board's responsibilities include:

- a) To establish the Company's vision, purpose and values;
- b) To provide oversight of the Company's activities, including its control and accountability systems;
- c) to assist management in the development of the corporate strategy and financial and performance objectives of the Company,
- d) to ensure that appropriate resources are available to management to pursue the Company's strategy and objectives and to monitor and assess management's performance in implementing the strategy and to assess the outcomes therefrom;
- e) to encourage a culture that promotes ethical and responsible decision-making, compliance with legal responsibility and transparency through monitoring and effective and timely reporting;
- f) to formulate and adopt appropriate Company-wide policies, including the Company's Code of Conduct and to monitor compliance;
- g) to review, approve and monitor systems of risk management, compliance and internal control;
- h) to monitor the operational and financial performance of the Company and ensure that the financial statements and other financial disclosures are true, fair and reasonable;
- i) to establish and monitor compliance with the disclosure policy and to ensure that the system provides for the Company to make timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, and ensuring the system allows for feedback from stakeholders to be received;
- j) to make regular assessments of:

- (i) the independence status of each non-executive Director in accordance with applicable legislation, regulations and guidance from the ASX Corporate Governance Council, and as outline at Annexure A; and
- (ii) the performance and effectiveness of the Board, its committees and each Director; and
- (iii) KMP succession planning;
- k) setting measurable objectives for achieving diversity, and in particular gender diversity, and to assess on at least an annual basis the objectives and the progress towards achieving the objectives;
- l) to develop and monitor controls and processes for the governance and oversight of subsidiary companies;
- m) To convene and attend general meetings of the Company's shareholders;
- n) to review and approve oil and gas reserve reporting;
- o) to monitor managements implementation of appropriate systems and processes so that all company activities are conducted in a safe, responsible and appropriate manner which minimises environmental impact;
- p) to develop a business sustainability framework, annual objectives and reviewing and approving annual sustainability reporting;
- q) determination of any requirement for claw back under the Australis incentive or equity plans.

### **3.2 Responsibilities of the Chair**

The Board appoints the Chair. The Chair should not be the same person as the CEO of the Company as the Chair is responsible for the integrity of the Board process and the functioning of the Board. This contrasts with the role of the CEO which is set out below.

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all Directors in relation to issues arising. The Chair is also responsible for shareholder communications and arranging Board performance evaluation. The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between the Board and senior management.

Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

### **3.3 Responsibilities of the Lead Independent Director**

Where the Chair is not an independent Director, a Lead Independent Director will be appointed. The Board will annually elect a Lead Independent Director to serve in such capacity, however the Lead Independent Director will generally be expected to serve on an ongoing basis.

The responsibilities of the Lead Independent Director are as follows:

- a) to assume the role of Chair when the Chair is unable to act in that capacity as a result of their lack of independence;
- b) to assume the role of Chair at all meetings of the Board at which the Chair is not present;
- c) to coordinate the activities of the other independent Directors, including the authority to call regular or special meetings of the independent Directors which require consideration and/or action of the independent Directors as distinct from the whole Board;
- d) to serve on and, as required, chair, any regular or special committee of the Board;
- e) to manage the review of the performance of the Chair;

- f) to participate in communications with shareholders upon request of the Chair or major shareholder; and
- g) to undertake any other duties at the request of the Board and/or Chair.

### **3.4 Responsibilities of the CEO**

The CEO is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his or her responsibilities, the CEO must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is a Matter Reserved for the Board.

All reports to the Board must present a true and fair view of the Company's financial condition and operational results.

### **3.5 Responsibilities of all Directors**

Each Director is expected to understand the nature and operations of the Company's business and should devote the necessary time to the tasks entrusted to them in discharging their responsibilities as a member of the Board. Directors should be aware of the legal obligations imposed on them in such capacity and are expected to adhere to all applicable Company policies, the Company's constitution and all other regulatory obligations.

All Directors are expected to:

- a) undertake the induction process provided by the Company;
- b) consider the number and nature of their other appointments and calls on their time from other commitments both prior to appointment and when considering acceptance of any additional external appointments. The consent of the Chair is required prior to acceptance of additional external appointments.
- c) Advise the Company Secretary immediately in writing of any matters that will or is reasonably likely to impair their independence (as assessed in accordance with Annexure A).
- d) Advise the Board or Chair of any conflict or potential conflict with a matter of business as soon as the Director becomes aware;
- e) review all materials circulated to the Board prior to Board meetings and are encouraged to request information from the Company Secretary and / or senior management where they consider such information necessary or desirable in making decisions and discharging their responsibilities;
- f) maintain the skills required to discharge their obligations to the Company by undertaking continued professional education to the extent necessary;
- g) attend periodic business or operations site visits.

### **3.6 Responsibilities of the Company Secretary**

The company secretary is responsible for the day to day operations of the company secretary's office, including the administration of Board and committee meetings, overseeing the Company's relationship with its share registrar and lodgments with the ASX and other regulators.

The company secretary is also responsible for communications with the ASX about listing rule matters, including making disclosures to the ASX in accordance with the Company's Disclosure Policy.

The company secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and co-ordinating the completion and despatch of Board agendas and briefing papers.

The company secretary is accountable to the Board through the Board Chair, on all matters to do with proper functioning of the Board.

## **4. COMPOSITION OF THE BOARD**

### **4.1 Number of Directors**

The Board shall consist of a minimum of 3 Directors at least 2 of whom must ordinarily reside in Australia. The number of Directors shall not exceed 12 however the Company may, by ordinary resolution, increase or reduce the maximum number of Directors.

### **4.2 Quorum**

As set out in the Constitution of the Company.

### **4.3 Appointment and re-election**

With guidance from the Remuneration and Nomination Committee and, where necessary, external consultants, the Board will identify candidates with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board. The Remuneration and Nomination Committee will assess nominations of new Directors against a range of criteria including the candidate's background, experience, gender, professional skills, personal qualities and whether their skills and experience will complement the existing Board.

The criteria to assess nominations of new directors will be reviewed regularly and the Remuneration and Nomination Committee will regularly compare the skill base of existing Directors with that required for the future strategy of the Company to enable identification of attributes required in new directors.

Before appointment to the Board, candidates must confirm that they will have sufficient time to meet their obligations to the Company, in light of other commitments. New directors are to be provided with a formal letter of appointment to the Board setting out the key terms and conditions of the appointment, together with any other documents that the Company considers relevant to the appointment.

All Directors (other than a managing director, if any) are subject to re-election by rotation at least every three years. Newly appointed Directors must seek re-election at the first general meeting of shareholders following their appointment.

### **4.4 Director Independence**

The Board should, to the extent practicable given the size and composition of the Board from time to time, consist of a majority of non-executive Directors who are assessed to be independent by the Board in accordance with applicable legislation, regulations and the guidance from the ASX Corporate Governance Council.

The Board determines the independence status of directors on appointment to the Board and re-assess the independence of non-executive Directors of the Company on a regular basis.

### **4.5 Review**

Board composition is reviewed on an annual basis to determine the balance of independent and non-independent representation on the Board and to assess whether the current range of skills, knowledge and experience are appropriate for the Company's current operations and activities.

The Board will consider an individual Directors skills, expertise, commitment and contribution to deliberations when determining whether to support re-election.

### **4.6 Access to independent advice**

Directors may obtain independent professional advice at the Company's expense on matters arising in the course of their Board and committee duties, after obtaining the Chair's approval which will not be unreasonably withheld. Whenever practicable, the advice must be commissioned in the joint names of the director and the Company, and a copy of any such advice should be provided to the entire Board. The other Directors must be advised if the Board Chair's approval is withheld.

## **5. BOARD COMMITTEES AND DELEGATION**

### **5.1 Delegation**

The Board may not delegate its overall responsibility, however it may from time to time establish committees to assist it in carrying out its responsibilities and may delegate some of its powers, other than those reserved by the Board and set out in section 2, and receive reports and recommendations from the committees. The Board will consider the materials and recommendations presented to them and make an independent assessment of the recommendations. For each Committee the Board should adopt a Charter which sets out the composition, role and responsibilities, powers and reporting obligations of the committees.

## **5.2 Committees**

The Board will establish and maintain as standing committees:

- a) an Audit and Risk Management Committee;
- b) a Remuneration and Nomination Committee

The Board may from time to time establish ad hoc committees to consider specific matters and other standing committees including a Reserve Committee as required.

Directors may attend Committee meetings of which they are not members.

The minutes of Committee meetings should be circulated to all directors in a timely manner.

## **5.3 Delegation to CEO**

The Board delegates the responsibilities, other than those reserved for the Board and set out in section 2, for the day-to-day management of the Company's business and activities to the CEO, subject to authority limits which will be set by the Board from time to time.

# **6. MEETINGS OF THE BOARD**

## **6.1 Frequency of meetings**

The Board will convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. It is usual practice for the Board to meet at least quarterly.

## **6.2 Agendas and Board papers**

The meeting agenda will be determined by the Chair in conjunction with the CEO and Company Secretary and will be circulated together with the Board papers sufficiently in advance of the meeting to permit adequate preparation.

## **6.3 Attendance**

Meetings will be convened such that whenever possible Directors can attend and participate in person. If personal attendance is not possible then participation will be facilitated through audio and / or videoconference.

## **6.4 Non-executive Director meetings**

The independent and/or non-executive Directors shall meet regularly without executive Directors and senior management present. Such meetings may be facilitated by the Chair or the Lead Independent Director, as appropriate.

## **6.5 Confidentiality**

All proceedings of the Board, including Board papers, presentations and other information provided to the Board, must be kept confidential except as required by law or as agreed by the Board.

# **7. REVIEW OF BOARD CHARTER**

The Board will review this Charter on an annual basis and update the Charter as required.

## **8. DEFINITIONS**

For the purpose of this Charter the following definitions apply:

**Australis or Company** means Australis Oil & Gas Limited and its subsidiaries and joint ventures in which Australis and/or a subsidiary owns a controlling interest.

**Board** means the board of Directors of the **Company**.

**CEO** means the person acting in the capacity as the Chief Executive Officer of the **Company** or the consolidated corporate group.

**Chair** means the chair of the Board.

**Constitution** means the Company's constitution.

**Director** means a member of the Board.

**KMP** means Key Management Personnel and has the meaning given in the *Corporations Act 2001* (Australia).

**Lead Independent Director** means the independent director appointed to this position.

**Officer** means an Officer of the Company, as defined under the *Corporations Act 2001* (Australia).

**Executive Director** means Board Executives.

## **9. FURTHER INFORMATION**

For further information, clarification or questions regarding the content or application of this charter please contact the Company Secretary.

Approved by the Board: 22 August 2019

## 1. Independence

### 1.1 Purpose of independence

The Board acknowledges that it is important that a non-executive director does not have a relationship which could materially interfere with the Director:

- a) making decisions on matters that regularly come before the Board or its committees;
- b) objectively assessing information and advice given, or obtained, by management;
- c) setting policy for general application across the Company; and
- d) generally, carrying out the performance of his or her role as a Director, or which could inhibit free Board discussion of matters coming before the Board.

### 1.2 Determination of independence

- a) The Board will assess the independence of Directors regularly. For the avoidance of doubt, only non-executive Directors (that is, a Director who is not a member of management) can be considered independent.
- b) The Board will endeavour to consider all of the circumstances relevant to a Director in determining whether the Director 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.
- c) Amongst the circumstances considered by the Board will be a range of factors, including that a Director:
  - i. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
  - ii. within the last three years has not been employed in an executive capacity by the Company or by a member of the Australis group, or been a Director after ceasing to hold any such employment;
  - iii. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or a member of the Australis group, or an employee materially associated with the service provided;
  - iv. is not a material supplier or customer of the Company or a member of the Australis group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
  - v. has no material contractual relationship with the Company or a member of the Australis group other than as a Director of the Company; and
  - vi. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.
- d) Each Director is responsible for notifying the Chairman and the Group Secretary about any external positions, appointments or arrangements that could result in the Director not being "independent".

### 1.3 Materiality of relationships

- a) In determining materiality when assessing the independence of a Director (as described above), the Board will have regard to all the circumstances in relation to a Director, including, among other things:
  - i. the proportion of a class of expenses or revenues that the relationship represents to both the Company and the other party to the relationship;
  - ii. the importance to the Company's business of the goods or services purchased or supplied by the Company;
  - iii. the nature of the goods or services including the extent to which the goods or services supplied are integral to the operation of the Company's business;
  - iv. the value of the transaction to the Company and the other party to the transaction; and
  - v. the significance to the Director of the relationship in the context of the Director's activities as a whole.
- b) The Board may set specific thresholds for materiality from time to time
- c) A Director who has been nominated for that position by a shareholder must not participate in decisions of the Board that affect that shareholder differently from any other shareholder.