

# CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED  
31 DECEMBER 2021



Australis Oil & Gas Limited  
ABN 34 609 262 937



# CORPORATE GOVERNANCE STATEMENT

The Board of Australis Oil & Gas Limited (“**Australis**” or “**Company**”) monitors the operational and financial performance of the Company and oversees its business strategy, including approving the strategic goals of the Company. The Board is committed to maximising performance and generating Shareholder value. In conducting business with these objectives, the Board aims to ensure Australis is properly managed to protect and enhance Shareholder interests, and the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Australis, including the adoption of relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Australis’ business and which are designed to promote the responsible management and conduct of the Company. Australis reviews and amends its corporate governance policies as appropriate to reflect the growth of the Company, current legislation and good practice. The main charters, policies and procedures that form the basis of corporate governance practices at Australis, and which are referred to in this Statement, can be found in the corporate governance section of Australis’s website, [www.australisoil.com](http://www.australisoil.com).

Below is a statement disclosing the extent to which the Company follows the Principles and Recommendations as set out in the ASX Corporate Governance Principles and Recommendations Fourth Edition. The ASX principles and recommendations are identified below in bold with corresponding statements of compliance. This statement covers the period 1 January 2021 to 31 December 2021 (“**Disclosure Period**”), is current as at 22 February 2022 and has been approved by the Board.

Where the Company’s corporate governance practices follow a recommendation during the Disclosure Period, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company’s corporate governance practices depart from a recommendation during the Disclosure Period, the Board has offered disclosure and reason for the adoption of its own practice, in compliance with the “if not, why not” regime.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### 1.1 Board Role & Responsibilities

*Complied*

The respective roles and responsibilities of Board and management are outlined within clauses 1, 2 and 3 of the Company’s Board Charter, which is available on the Company’s website, [www.australisoil.com](http://www.australisoil.com). The Charter also outlines which matters are expressly reserved to the Board and those delegated to management.

### 1.2 Director Appointments

*Complied*

The Company’s Remuneration and Nomination Committee Charter outlines the procedures undertaken when appointing a director or proposing a new director for election. Prior to the appointment of a director or the proposal of a new director for appointment, relevant background checks including but not limited to employment, education and police checks are undertaken. The Company utilises third party advisors to undertake the checks. To assist the Company’s shareholders in making an informed decision about whether to vote in favour of a director standing for election or re-election, the notice of meeting for the annual meeting contains the candidate’s biographical details. These include a career summary; a list of other directorships and material outside interests; the date of their first appointment to the Board; and a statement as to whether the Board considers the director to be independent and supports her or his election or re-election. The Remuneration and Nomination Committee Charter is available via the Company’s website.

### 1.3 Term of Appointment

*Complied*

Each director is provided with a formal letter of appointment to the Board setting out the key terms and conditions of their appointment.

Senior executives are employed under written contracts, of which the key terms and conditions for key management personnel are outlined in the Company’s 2021 Remuneration Report contained in the Annual Report available on the ASX or via the Company’s website. The hire of senior executives is approved by the Chief Executive Officer (CEO).

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## 1.4 Company Secretary

Complied

The Board is responsible for the appointment or replacement of the Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

## 1.5 Diversity

Complied

The Board has adopted a diversity policy which aims to augment the Company's performance by recognising and utilising the contribution of diverse skills and talent whilst fostering an environment of inclusion where individuals are respected and valued. The Board believes the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, incorporating different perspectives and is socially and economically responsible governance practice. The Diversity Policy is available via the Company's website.

The Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

For 2021 the Board maintained its prior specific measurable objectives for achieving gender diversity to increase the appointment of women in the Company as a whole. A target of 30% female composition of the Australis workforce was set. As at the date of this report the Company has not maintained this target in 2021 due to the impact of staff rationalisations in 2020 prompted by the COVID-19 pandemic.

The respective proportion of women at Board, senior executive and company-wide level as at 31 December 2021 are set out below.

	2021 Proportion of Women	2020 Proportion of Women	2019 Proportion of Women
Whole Company	7 out of 29 (24%)	7 out of 30 (23%)	15 out of 45 (33%)
Senior Executives (Vice President and above)	1 out of 6 (17%)	1 out of 6 (17%)	1 out of 6 (17%)
Directors	0 out of 5	0 out of 5	0 out of 5

Whilst the Company continues to review its Human Resource Policies to ensure they are consistent with the achievement of the gender measurable objectives across all levels of the organisation, recruitment and retention policies will continue to promote merit and ability as a primary factor in recruitment.

## 1.6 – 1.7 Performance Evaluation

Complied

The Board undertakes an annual review of its own performance and that of its committees and individual directors. The process is led by the Chair of the Remuneration and Nomination Committee (RNC Chair) and is based on an evaluation questionnaire that is provided to all directors. The RNC Chair collates the results and the outcomes of the review are presented to the Board and used to set activities and key performance indicators to continue to improve board performance and efficiency. A performance evaluation was undertaken during the Disclosure Period.

Senior executives are subject to annual performance evaluations carried out by the CEO or the Chair (for the CEO). The performance evaluation takes the form of an evaluation of an individual against pre-determined and approved key performance indicators (KPIs). The KPIs include corporate goals and targets and allow for the achievement of stretch targets for exceptional performance. The KPIs for executive directors are approved by the Board and by the RNC for senior executives designated by the Board as Key Management Personnel (KMP) in accordance with the definition in AASB 24. The KPIs for other senior executives are approved by the CEO. These performance evaluations were undertaken during the Disclosure Period.

Remuneration details of KMP are contained in the Remuneration Report section of the Company's 2021 Annual Report, which is available on the ASX or via the Company's website.

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## PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

### 2.1 Remuneration and Nomination Committee

Complied

The Company's Remuneration and Nomination Committee Charter, which is available on the Company's website, provides that the Remuneration and Nomination Committee (RNC) shall comprise a minimum of three members, a majority of whom shall be independent directors, and shall be chaired by an independent director.

During the Disclosure Period, the RNC comprised of, Alan Watson (Chair), Jon Stewart and Steve Scudamore. Alan Watson and Steve Scudamore are independent directors.

Details on the number of meetings held and each member's attendance throughout 2021 are set out in the Directors' Report contained in the Company's 2021 Annual Report.

### 2.2 Board Skills Matrix

Complied

The Board has adopted a Board Skills Matrix that sets out the skills and experience it considers appropriate for the current size and status of the Company as set out below.

Area	Competence
Executive leadership	<ul style="list-style-type: none"><li>• Previous senior management positions</li><li>• Outside public company Directorships</li></ul>
Strategy	<ul style="list-style-type: none"><li>• Previous experience in setting and delivering on strategy</li><li>• Ability to analyse information in order to make informed decisions</li><li>• Assess performance against strategy</li></ul>
Industry experience	<ul style="list-style-type: none"><li>• Oil &amp; gas experience or engineering or science qualification</li><li>• Previous Director appointment in an oil &amp; gas company</li></ul>
Corporate finance	<ul style="list-style-type: none"><li>• Experience in large scale project outlays and financing, experience in mergers and acquisitions</li></ul>
Financial acumen	<ul style="list-style-type: none"><li>• Financial literacy including senior management or equivalent experience in financial accounting, reporting, corporate finance or internal audit</li><li>• Accounting or finance qualification</li></ul>
Remuneration and HR	<ul style="list-style-type: none"><li>• Experience in relation to remuneration and retention management, including incentive programs</li></ul>
International experience	<ul style="list-style-type: none"><li>• Experience with international assets, cultures, communities and business environments</li></ul>
Governance	<ul style="list-style-type: none"><li>• Membership of governance organisation</li><li>• Previous experience in governance of organisations</li></ul>
Risk Management	<ul style="list-style-type: none"><li>• Experience in applying and overseeing broad based risk management frameworks in various country, regulatory or business environments</li></ul>
HSE and CSR	<ul style="list-style-type: none"><li>• Experience in workplace and worksite HSE and environmental and social responsibility</li></ul>

The Board considers the current Board skills and expertise are adequate for the size and stage of development of the Company.

Whilst the majority of the Board have previous US oil and gas experience, the Board will monitor the appropriateness of appointing a US-based director with oil and gas experience.

Information on the directors of the Company, including their length of service are set out in the Directors' Report of the Company's 2021 Annual Report, available on the ASX or via the Company's website.

The Company's Remuneration and Nomination Committee Charter, and specifically clause 3.6(b) relating to directors' skills, is available on the Company's website.

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## 2.3 Independent Directors

Complied

Information on the directors of the Company, including their length of service are set out in the Directors' Report of the Company's 2021 Annual Report. The Board currently comprises Jon Stewart (Non-Executive Chair) who is not considered independent, Ian Lusted and Graham Dowland (Executive Directors) who are not considered independent, and Alan Watson and Steve Scudamore who are considered independent Non-Executive Directors.

The Board considers an independent director to be a non-executive director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Australis and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each director in light of interests disclosed to the Board from time to time. The Board will consider whether there are any factors or considerations which may mean that a director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the director to bring an independent judgement to bear on issues before the Board and to act in the best interests of Australis and its security holders generally. Whilst the Company encourages the holding of equity interests by directors as a means of aligning their interests with the interests of shareholders, non-executive directors do not participate in the Australis Oil & Gas Limited Employee Equity Incentive Plan.

The Board considers that Alan Watson and Steve Scudamore are free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of their judgement and that they are able to fulfil the role of an independent director. Jon Stewart is not currently considered to be independent as he holds a relevant interest of 6.16% of the shares in the Company. Ian Lusted and Graham Dowland hold the positions of CEO and Chief Financial Officer (CFO) respectively and therefore do not meet the definition of independent director due to their executive appointments. The directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as directors.

## 2.4 Majority Independent Directors

Not complied

The Board does not consist of a majority of independent directors. The Board acknowledges the ASX Corporate Governance Council's recommendation that a majority of the Board should be independent directors.

The current independent directors have extensive experience as non-executive board members and as such the Board believes this allows the Company to benefit from the significant oil & gas, public company and financial experience that Messers Stewart, Lusted and Dowland bring to the Board. The Board will consider in due course the appointment of additional independent director(s) with growth in the size and/or complexity of its business such that it will be comprised of a majority of independent directors in the future and this has been reflected in clause 4.4 of the Board Charter, available via the Company's website.

## 2.5 Chair Independence

Not complied

Mr Stewart is not an independent director however the Board believes Mr Stewart has significant board, chair, public company, oil and gas industry and financial experience and this results in a sound understanding of the business of the Company which enable Mr Stewart to provide knowledgeable yet unfettered judgement to the Board's deliberations. In addition, the position of CEO is held by a different individual, Ian Lusted, which allows for a level of separation between the executives responsible for managing the Company and the Non-Executive Board members charged with overseeing those executives.

## 2.6 Director Induction and Development

Complied

The Company provides new directors with access to professional development if required and it provides an appointment letter and induction pack which describes the expectations and responsibilities that will come with the role. Further information is set out in clause 3.5 of the Company's Board Charter, available via the Company's website.

The Board reviews on an annual basis whether the Directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a board skills matrix and an evaluation questionnaire. Where any gaps are identified, the Board considers what training or development should be undertaken to fill those gaps.

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## PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

### 3.1 Values Complied

The Company's values are set out in the Company's 2021 Annual Report and on the Company's website.

### 3.2 Code of Conduct Complied

The Company's Code of Conduct (Code) addresses all recommended practices and issues and is available via the Company's website. Under clause 6 of the Code, any Australis personnel who suspects or observes a breach of the Code is obliged to report it immediately to a Director or Senior Manager.

### 3.3 Whistleblower Policy Complied

The Company's Whistleblower Policy has been adopted to provide a safe and confidential environment where concerns about unlawful, improper or unethical conducting can be raised by Whistleblowers without fear of reprisal or detrimental treatment. The policy is available via the Company's website. Under clause 5 of the Company's Whistleblower Policy, any investigation of material incidents reported under the policy and the corresponding outcomes must be reported to the Board.

### 3.4 Anti-Bribery and Corruption Policy Complied

The Company's Anti-Bribery and Corruption Policy has been adopted to provide Australis personnel at all levels with a clear set of guidelines to ensure that Australis conducts its activities in an ethical and appropriate manner as well as complying with the laws and regulations of each jurisdiction in which it operates. The policy is available via the Company's website. Under clause 10 of the Company's Anti-Bribery and Corruption Policy, any Australis personnel who suspects or observes a material breach of the policy is obliged to report it immediately to a Director or management.

## PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

### 4.1 Audit and Risk Management Committee Complied

For the reporting period, the Audit and Risk Management Committee (ARMC) comprised three members, Steve Scudamore (Chair), Jon Stewart and Alan Watson. As Alan Watson and Steve Scudamore are independent directors, the ARMC comprises a majority of independent directors and is chaired by an independent director who is not the chair of the Board.

The Audit and Risk Management Committee Charter is available via the Company's website.

The relevant qualifications and experience of each member are outlined in the Directors' Report contained in the Company's 2021 Annual Report.

Details on the number of meetings held and each member's attendance throughout 2021 are set out in the Directors' Report contained in the Company's 2021 Annual Report.

### 4.2 Financial Integrity Complied

Prior to Board approval of the Company's full year financial report to 31 December 2021 (contained in the Company's 2021 Annual Report), the CEO and CFO provided the Board with the declarations required under section 295A of the *Corporations Act 2001* (Cth) ("Corporations Act").

The declarations state that, in their opinion, the financial records of Company had been properly maintained and that the financial statements compiled in accordance with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that those opinions had been formed on the basis of a sound system of risk management and internal control which was operating effectively.

The basis of the CEO and CFO declaration is an executed management sign off report which is provided to the ARMC and Board.

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## 4.3 *Verify Integrity of Periodic Corporate Reports*

*Complied*

The ARMC Charter provides that the Committee monitor and review the integrity of the financial reporting of the Company. The Committee review and discuss with management and the external auditor, the Company's audited annual financial statements, interim unaudited financial statements, related results announcements and other significant estimates and financial reporting judgments, together with the report of the external auditor, prior to such information being publicly disclosed and, if appropriate, recommend to the Board to approve. The Committee reviews and discusses with management the reporting of all other financial information including quarterly activities reports.

The Committee ensures that adequate procedures are in place for the review of the Company's disclosure of financial information and periodically assesses the adequacy of those procedures.

## PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

### 5.1 *Written Policy*

*Complied*

The Company's written policies and procedures for compliance with the ASX Listing Rule disclosure requirements are included in the Company's Continuous Disclosure Policy which is available on the Company website.

### 5.2 *Board Receipt of Material Market Announcements*

*Complied*

The Company's Continuous Disclosure Policy requires the Board to review and approve, for release to the ASX, all material market announcements. The Company's Continuous Disclosure Policy is available on the Company website.

### 5.3 *Investor Presentations*

*Complied*

The Company has to date and will continue to release all new and substantive Investor Presentation materials to the ASX prior to their use in any presentation.

## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

### 6.1 *Information Disclosure via Company Website*

*Complied*

The Company provides information about operations and its governance including copies of the Board Charter, key governance charters, policies and other documents to investors on its website at [www.australisoil.com](http://www.australisoil.com).

### 6.2 *Investor Relations Program*

*Complied*

The Company has adopted a Stakeholder Communication Policy which is available on the Company's website.

The CEO and executives engage in webinars, informal meetings and telephone calls with a range of investors on a regular basis.

The Company's website provides shareholders and others the opportunity to register to receive additional information such as press releases and other materials electronically.

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## 6.3 Security Holder Participation

Complied

The Board supports practices that provide effective and clear communications with security holders and allow security holder participation at general meetings.

The Company has adopted a Stakeholder Communication Policy which encourages the use of electronic communications. Shareholders are able to communicate with the CEO and Company Secretary via the Company email address at [contact@australisoil.com](mailto:contact@australisoil.com), and the CEO also hosts webinars which allows shareholders to directly ask questions.

The Shareholder Communication Policy is available via the Company's website.

## 6.4 Substantive Resolutions Decided by a Poll

Complied

During the disclosure period the Company held one general meeting of shareholders being the Company's annual general meeting. All resolutions of the meeting were decided by a poll.

## 6.5 Security Holder Communication

Complied

Australis shareholders have the option to receive Company information electronically by registering their email address online with the Share Registry. The Australis website provides shareholders and others the opportunity to receive additional information such as press releases and other materials electronically. Additionally, the Company's Share Registry provides online portal access to security owners.

The Shareholder Communications Policy is available via the Company's website.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

### 7.1 Audit and Risk Management Committee Disclosure

Complied

For the reporting period, the ARMC comprised three members, Steve Scudamore (Chair), Jon Stewart and Alan Watson. Alan Watson and Steve Scudamore are independent directors. The ARMC comprises a majority of independent directors and has an independent chair.

Day-to-day risk management is delegated to the CEO, who is supported in monitoring and managing risks by senior management and the Company Secretary.

Details on the number of meetings held and each member's attendance throughout 2021, and the relevant qualifications and experience of each member are outlined in the Directors' Report contained in the Company's 2021 Annual Report.

The Audit and Risk Management Committee Charter is available via the Company's website.



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## 7.2 Review of Risk Management Framework

*Complied*

The Company has adopted a Risk Management Policy which is available on the Company's website.

The Policy states the Board retains overall responsibility for reviewing, ratifying and monitoring systems of risk management and internal control and legal compliance and for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the CEO, with the assistance of senior management, as required.

The CEO is required to report on the progress of, and on all matters associated with, risk management to the ARMC at least twice a year. The CEO is required to report to the Board as to the effectiveness of the Company's management of its material business risks, at least annually and confirm that the Company is operating with due regard to the risk appetite set by the Board.

The Board conducted a review of the Company's Risk Management Framework and Risk Management Policy during the Disclosure Period.

## 7.3 Internal Audit Function

*Not applicable*

The Company does not have an internal audit function.

The Board oversees risk management with the assistance of the ARMC.

The ARMC regularly reviews internal control processes. No external assistance was sought during 2021.

The Board considers that the strategy adopted is appropriate for the Company's current size and stage of development.

## 7.4 Material Exposure to Environmental & Social Sustainability Risks

*Complied*

The key risk factors affecting the Company and how the Company intends to manage those risks is set out in the Company's 2021 Annual Report.

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## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

### 8.1 Remuneration Committee

Complied

The Remuneration and Nomination Charter provides that the RNC should comprise a minimum of three members, a majority of whom shall be Independent Directors, and shall be chaired by an independent director.

For the reporting period, the RNC comprised three members, Alan Watson (Chair), Jon Stewart and Steve Scudamore. Alan Watson and Steve Scudamore are independent directors. The RNC has a majority of independent directors and an independent chair.

Details on the number of meetings held and each member's attendance throughout 2021 are set out in the Directors' Report contained in the Company's 2021 Annual Report.

The Remuneration and Nomination Charter is available via the Company's website.

### 8.2 Directors' Remuneration Report

Complied

The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives as set out in the Remuneration Report, which forms part of the Company's 2021 Annual Report.

### 8.3 Equity-based Remuneration

Complied

The Company has adopted an equity-based remuneration scheme which is summarised in the 2021 Annual Report.

The Company's Securities Trading Policy, which is available via the Company website, specifically prohibits directors, senior executives and employees of the Company from entering into arrangements for the purpose of limiting the economic risk of any Company securities which they hold.

## PRINCIPLE 9: ADDITIONAL RECOMMENDATIONS

### 9.1 Non-English-Speaking Directors

N/A

This recommendation does not apply to the Company.

### 9.2 Accessibility of Security Holder Meetings

N/A

This recommendation does not apply to the Company.

### 9.3 External Auditor Annual General Meeting Attendance

N/A

This recommendation does not apply to the Company.