

# **Bounty Oil and Gas NL**

## **Corporate Governance Statement**

### **Introduction**

The Board of Bounty Oil and Gas NL ('the Company') determines the most appropriate corporate governance arrangements having regard to the best interests of the Company and its shareholders, and consistent with its responsibilities to other stakeholders.

This statement outlines the Company's main corporate governance practices which, unless otherwise stated, comply with the Australian Securities Exchange ("ASX") Corporate Governance Principles and Recommendations. The statement has been approved by the Board and is current as at 28 October 2016.

<b>Corporate Governance Council recommendation</b>		<b>Bounty Oil and Gas Compliance Status</b>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<p>The Board's primary role is the protection and enhancement of medium and long-term shareholder value.</p> <p>To fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, setting remuneration, appointing, removing and creating succession policies for directors, establishing and monitoring the achievement of management's goals, ensuring the integrity of risk management, internal control and legal compliance.</p> <p>The Board delegates to senior management responsibility for the implementation of the strategic direction of the Company.</p>

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1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<p>All appropriate checks are carried out prior to appointing a new director.</p> <p>All material information relevant to the decision to elect or re-elect a director is provided to shareholders in the notice of meeting.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Employment Contracts are in place with each director and senior executive setting out the terms of their appointment.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary reports directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All directors have access to the Company Secretary, who advises the Board and its committees on governance matters and monitors adherence to Board policies and procedures.

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<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>The Company's Code of Conduct provides that the Company will treat all employees and potential employees according to their skills, qualifications, competencies and potential and will not discriminate on the basis of race, religion, gender, sexual preference, age, marital status or disability. The following guidelines have been established to ensure compliance with the Code of Conduct:</p> <ul style="list-style-type: none"> <li>• Selection of new staff, development, promotion and remuneration is on the basis of performance and capability;</li> <li>• Training and development is offered across the Group including external technical courses, mentoring and secondments, in order to develop a diverse and skilled workforce; and</li> <li>• Reporting to Senior Management by managers and supervisors takes place in relation to employment issues, and review and analysis of exit interviews is undertaken to identify any discrimination related issues.</li> </ul> <p>Aside from the guidelines set out above the Company has not established measurable objectives for gender diversity in the workforce and does not have a separate written diversity policy.</p> <p>The proportion of female employees throughout the Group is currently approximately 40%. Considering the small size of the Company, it has not at this time appointed females in key management roles and on the Board.</p>

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1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Remuneration of directors is not performance based.</p> <p>Remuneration of directors is not performance based. No performance evaluation has been conducted during the year.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The performance of the CEO is reviewed by the non-executive directors on the Board. The performance of other senior management is reviewed by the CEO.</p> <p>Performance reviews were undertaken during the year in accordance with this process. More information in relation to these reviews is included in the Remuneration Report in the Company's Annual Report.</p>

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<b>PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE</b>	
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Directors are of the opinion since the Board is comprised of only three (3) members it is not feasible to have a Remuneration Committee.</p> <p>The whole Board has responsibility for the selection and appointment of directors, undertaking evaluation of the Board's performance and developing and implementing a plan for identifying, assessing and enhancing directors' competencies.</p> <p>When considering a new director appointment, the Board will give consideration to achieving an appropriate balance of professional skills, experience, independence, expertise and diversity on the Board.</p>

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2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The professional skills, experience and expertise of each Director are set out in the Annual Report.
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>a) Disclosure of the names of the Directors considered by the Board to be independent will be provided in the Annual Report. All current directors are independent.</p> <p>b) Details of the Directors' interests, positions associations and relationships are provided in the Annual Report.</p> <p>c) The length of service of each director will be provided in the Annual Report.</p>

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2.4	A majority of the board of a listed entity should be independent directors.	All directors are independent.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Mr. G Reveleigh is chairman and an independent director. Mr. P Kelso is the CEO.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>Given the current stable structure of the Board, and size of the Company it was not felt it necessary to develop a formal induction program for directors.</p> <p>However, any new Board member would receive an induction briefing from the Chairman or the CEO introducing the new Board member to the Company policies, Board policies, key risks and future objectives of the Company. The full Board oversees the induction program for new directors and considers the training and development needs of all Directors. The Board is responsible for ensuring that resources are allocated to developing and maintaining the directors' skills and knowledge, to ensure that the directors have and maintain the necessary skills and knowledge required to fulfil their role on the Board effectively.</p>

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<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>	
<p>3.1 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	<p><b>Code of Conduct</b></p> <p>The Company is committed to maintaining the highest standards in dealing with all of its stakeholders, both internally and externally. The Company has adopted a written Code of Conduct to assist directors and staff in understanding their responsibilities to ensure the Company conducts its business in accordance with all applicable laws and regulations and in a way that enhances the Company’s reputation. The Code of Conduct is also reflected in internal policies and procedures which reinforce the Company’s commitment to complying with all applicable laws and regulations.</p> <p>A copy of the Code of Conduct can be found on the Company’s website at <a href="http://www.bountyoil.com">www.bountyoil.com</a>.</p> <p><b>Securities Trading Policy</b></p> <p>The Company has a written Securities Trading Policy which identifies the principles by which the Company balances the investment interests of directors, senior executives and employees with the requirements for ensuring such trades only take place when all information relevant to making such investment decisions is fully disclosed to the market.</p> <p>The Company’s policy regarding Directors and employees trading in its securities was adopted by the Board in December 2010 was released to ASX and is compliant with ASX Listing Rules 12.9 – 12.11 inclusive. The policy restricts Directors, officers and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the price of the quoted security.</p> <p>A copy of the Securities Trading Policy can be found on the Company’s website at <a href="http://www.bountyoil.com">www.bountyoil.com</a>.</p>



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<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>	
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>(a) The Board considers that given the current size of the Board (3), this function is efficiently achieved with full Board participation. Accordingly, the Board has not established an audit committee.</p> <p>(b) The board devotes time annually to fulfilling the roles and responsibilities associated with maintaining the company's internal audit function and arrangements with external auditors. All members of the board are involved in the company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>

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4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Company complies with this recommendation.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company complies with this recommendation.
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company is committed to ensuring that the market is informed of all material information concerning the Company in a timely and accurate manner. Accordingly, the Company has established a Market Disclosure Policy to ensure that the market is properly informed of matters that may have a material impact on the price at which the Company's securities are traded. A copy of the Market Disclosure Policy can be found on the Company's website at <a href="http://www.bountyoil.com">www.bountyoil.com</a> .

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<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>The Board aims to ensure that shareholders are informed of all major developments affecting the Company.</p> <p>The Company posts its Annual Report and major announcements on its website under the Investor Relations section <a href="http://www.bountyoil.com/investors/">www.bountyoil.com/investors/</a> and provides a link via the website to the ASX website so that all ASX releases, including notices of meetings, presentations, and analyst and media briefings, can be accessed.</p> <p>Historical information is also available to shareholders on the Company's website, including prior years' Annual Reports.</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	In addition to the above, the Company pro-actively encourages shareholders to communicate with the management via emails on matters not considered sensitive or of general nature.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Through its notices of meeting the Company actively encourages shareholders to participate at general meetings, either in person or by proxy.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Shareholders are specifically offered the opportunity of receiving communications via email.

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>	
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Considering the size of the Board (3), this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a committee to oversee risk. The Company as a whole works to establish and maintain a sound system of corporate and commercial risk oversight and management and internal control by identifying, assessing, monitoring and managing the Company's risk exposure. It also informs investors of any material changes to the Company's risk profile should they occur. As an exploration/production company it has however not developed a comprehensive risk management system at this point in time.</p> <p>The risks involved with an oil and gas exploration company and the specific uncertainties for the Company, are regularly monitored and all exploration and investment proposals reviewed by the Board include a conscious consideration of the issues and risks of each proposal.</p> <p>The board devotes time annually to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entities risk management framework and associated internal compliance and control procedures.</p>

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7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The board devotes time annually to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entities risk management framework and associated internal compliance and control procedures.</p> <p>The Company will report on whether such a review has taken place.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>(b) Considering the small size, the Company does not have an internal audit function at present however the Board as a whole works to establish and maintain a sound system of corporate and commercial risk oversight and management and internal control by identifying, assessing, monitoring and managing the Company's risk exposure.</p>

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<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>There is no material exposure to economic and social sustainability risks. The Company details the environmental risks in the Directors Report forming part of the Annual Report.</p> <p>The economic risks to which the Group is exposed are explained in the Financial instruments and risk management note in the Company's Annual Report.</p>

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<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>	
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>(a) The Board consider that given the current size of the Board (3), this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a remuneration committee.</p> <p>(b) The Board devotes time annually to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> <p>Further information is set out in the Remuneration Report in the Company’s Annual Report.</p>

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8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>Policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives are set out in the Remuneration Report in the Company's Annual Report.</p> <p>The Remuneration Policies for both Director's and other Key Management Personnel (KMP) Remuneration are set out in the Remuneration Report contained in the Directors Report. KMP payments and incentives are disclosed in the Remuneration Report and comply with the law and the Australian Accounting Standards.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants</p> <p style="padding-left: 40px;">are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The company has adopted an Employee Share Scheme and any issue of shares to KMP including directors requires shareholder approval. Any grant of shares or options to the KMP including directors in a reporting period are disclosed in the Remuneration Report. There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.</p> <p>The payment of bonuses, options and other incentive payments are reviewed by the Board of Directors and are paid at its discretion.</p>