



## **Corporate Governance Statement**

The Company has adopted a Corporate Governance Charter in order to implement and maintain a culture of good corporate governance both internally and in its external dealings. In establishing the Company's corporate governance framework, the Board has referred to the practices recommended by the ASX Corporate Governance Council in the Corporate Governance Principles and Recommendations 3rd Edition, released in 2007 (as amended in 2010 and 2014).

This corporate governance statement discloses the extent to which the Company intends to follow the Recommendations as at the date of admission of the Company to the ASX. The Company is working towards compliance with the recommendations however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company's operations at present. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The Company's Corporate Governance Charter can be obtained, at no cost, from the Company's registered office and is also available on the Company's website, [www.uilenergy.com.au](http://www.uilenergy.com.au).

## **Charters**

Pursuant to its Corporate Governance Charter, the Company has established the following Charters:

1. Corporate Governance Committee Charter;
2. Audit & Risk Management Charter;
3. Remuneration Committee Charter; and
4. Nominations Committee Charter.

## **Codes, Policies and Procedures**

The Company has established the following codes, policies and procedures:

1. Corporate Code of Conduct;
2. Directors Code of Ethics; and
3. Trading Policy.

## **Principle 1: Lay solid foundations for management and oversight**

**Recommendations 1.1 and 1.4 – A listed entity should disclose the respective roles and responsibilities of the Board, Company Secretary and Senior Executives**

### *Summary of the Company's Position*

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in the Corporate Governance Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of

the Company to ensure compliance with the Corporations Act, ASX Listing Rules and all relevant laws, monitoring the financial performance of the Company, engaging appropriate executive management to reflect the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed, and by coordinating the completion and dispatch of Board agendas, minutes, appropriate registers and briefing papers. The Company Secretary is accountable to the Board via the Chairperson.

The chief executive officer or managing director (if any) is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board. In carrying out their responsibility, the chief executive officer must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

The Corporate Governance Charter can be accessed on the Company's website.

**Recommendations 1.2 and 1.3 – A listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director. A listed entity should have a written agreement and senior executive setting out the terms of their appointment.**

#### *Summary of the Company's position*

In determining candidates for the Board, the Board will evaluate the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Board will seek to identify the particular skills and diversity that will best increase the Board's effectiveness required for managing a company operating within the oil and gas industry. Consideration will also be given to the balance of independence of Directors. Any appointment made by the Board will be subject to ratification by shareholders at the next general meeting.

Prior to the appointment of a new Director the Board will undertake appropriate checks to ensure that the person's character, experience and education is appropriate for the position which will include criminal history and bankruptcy checks.

Each Board member and senior executive have a written letter of appointment or executive contract setting out the terms of their appointment.

Each Director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that Director's last election or appointment (whichever is the longer). At each annual general meeting a minimum of one Director or one third of the total number of Directors (rounded down) must resign. A Director who retires at an annual general meeting is eligible for re-election, however re-election of a Director is not automatic.

**Recommendation 1.5 – A listed entity should 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 disclose the policy or summary of that policy.**

#### *Summary of the Company's position*

The Company has not adopted a formal diversity policy. The Company respects and values the competitive advantage of and the benefit of its integration throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase Shareholder value and maximise the probability of achievement of the Company's goals. However given the size and nature of the Company's operations, the Company has not implemented a formal policy with respect to Diversity.

**Recommendations 1.6 and 1.7 – A listed entity should have and disclose a process for periodically evaluating the performance of the Board, its committees, individual directors and senior executives, and disclose whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

*Summary of the Company's position*

The Chairperson has the overall responsibility for evaluating the Board, any committees established and, when appropriate, individual directors on an annual basis. Directors are required to co-operate fully with any assessment process and give all reasonable information requested.

The Managing Director will review the performance of the senior executives. The Managing Director will conduct a performance evaluation of the senior executives by meeting individually with each senior executive on a yearly basis to review performance against the senior executive's responsibilities as outlined in their contract with the Company. The Company has also established a Performance Rights Plan, being a retention and longer term incentive scheme. Senior executives can participate in the performance rights plan and work towards performance hurdles. The Company will periodically review the senior executives performance to determine whether the performance hurdles have been satisfied.

The Company's Nominations Committee Charter provides that the Committee is to assist the Board in relation to the appointment of Directors and of senior management and in assessing the performance of such individuals. The Board believes the Company is not currently of the size to justify the formation of a separate Nominations Committee. The Board currently performs the functions of a Nominations Committee and where necessary will seek the advice of external advisors in relation to this role.

## **Principle 2 – Structure the board to add value**

**Recommendation 2.1 - The board of a listed entity should have a nomination committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.**

*Summary of the Company's position*

The Board believes the Company is not currently of the size to justify the formation of a separate Nominations Committee. The Board currently performs the functions of a Nominations Committee and where necessary will seek the advice of external advisors in relation to this role. While the Company does not presently comply with Recommendation 2.1, the Board shall, upon the Company reaching the requisite corporate and commercial maturity, approve the constitution of a Nominations Committee to assist the Board in relation to the appointment of Directors and senior management.

**Recommendation 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.**

*Summary of the Company's position*

The Board believes the Company is not currently of the size to justify the implementation of a board skills matrix. While the Company does not presently comply with Recommendation 2.2, the Board shall, upon the Company reaching the requisite corporate and commercial maturity create and disclose a board skills matrix setting out the mix of skills and diversity that the board is looking to achieve.

A profile of each Director setting out their skills, experience and expertise is disclosed in the 2014 Annual Report of the Company and will be disclosed in each annual report of the Company going forward.

**Recommendation 2.3 – A listed entity should disclose the names of the directors considered by the board to be independent directors, the interests of each directors and the length of service of each director.**

*Summary of the Company's position*

Presently under the ASX Guidelines it is considered that there is only one independent Director, being Mr Keith Skipper. The Board is required to regularly assess the independence of Directors to ensure that Directors do not have any relationship or interest that interferes with their unfettered and independent judgment, or could reasonably give the impression that the Director's independence has been compromised.

The interests of each of the Directors and the length of service of each Director is disclosed in the 2014 Annual Report of the Company and will be disclosed in each annual report of the Company going forward.

In accordance with the Corporate Governance Council's definition of independence, the Directors listed below are not considered to be independent:

Name	Position	Reason for non-compliance
Simon Hickey	Executive Chairman	Mr Hickey is a substantial holder of the Company and provides consultancy services to the Company in an executive capacity.
John de Stefani	Managing Director	Mr de Stefani is a substantial shareholder in the Company and is employed by the Company in an executive capacity.
Stephen Bizzell	Non-Executive Director	Mr Bizzell is a substantial shareholder in the Company

The Company considers industry experience and specific expertise, as well as general corporate experience to be important attributes of its Board members. The Directors noted above have been appointed to the Board due to their considerable industry and corporate experience.

The term in office held by each Director in office at the date of this Corporate Governance Statement is as follows:

Name	Term in Office
Simon Hickey	3 years
John de Stefani	2 years 9 months
Keith Skipper	2 years 11 months
Stephen Bizzell	2 months

**Recommendation 2.4 – A majority of the board of a listed entity should be independent directors**

*Summary of the Company's position*

Presently under the ASX Guidelines it is considered that there is only one independent Director, being Mr Keith Skipper. While the Company does not presently comply with Recommendation 2.4, the

Company may consider appointing additional independent Directors in the future. The Company believes that given the size and scale of its operations, non-compliance by the Company with Recommendation 2.4 will not be detrimental to the Company.

**Recommendation 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**

*Summary of the Company's position*

The current Chairman of the Board, Simon Hickey is a substantial shareholder of the Company, and through a related entity, provides consultancy services to the Company and is therefore not considered by the Company to be an independent Director. While the Company does not presently comply with Recommendation 2.5, the Company may, upon appointing additional Directors (as and when required) consider appointing an independent Director to the Chair. The Company believes that given the size and scale of its operations, non-compliance by the Company with Recommendation 2.5 will not be detrimental to the Company and will continue to review its position with respect to compliance.

**Recommendation 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.**

*Summary of the Company's position*

On their first appointment, Directors will have the benefit of an induction programme aimed at deepening their understanding of the Company, its business and the environment and markets in which the Company operates. As part of the program new Directors may complete a self assessment of their capabilities and competencies to determine areas where further development may be beneficial in contributing to the Board's performance. Development in these areas will be considered and discussed with the Chairman.

The Company shall provide an ongoing education and development program for Directors which includes both formal and informal sessions. The program is intended to cover overall competencies of any Director and also specific knowledge relevant to the oil and gas industry. It is desirable for all Directors to complete the Australian Institute of Company Directors Course (or equivalent) and related formal assessment. Directors are also expected to keep themselves abreast of changes and trends in business and the Company's environment and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

### **Principle 3: Act ethically and responsibly**

**Recommendation 3.1 – A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.**

*Summary of the Company's position*

The Directors are subject to certain stringent legal requirements regulating the conduct both in terms of their internal conduct as directors and in their external dealings with third parties both on their own and on behalf of the Company.

To assist directors in discharging their duty to the Company, the Company has established a Corporate Code of Conduct and Code of Ethics as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Corporate Code of Conduct and Code of Ethics, as set out in the Company's Corporate Governance Charter is available from the Company's website.

## **Principle 4: Safeguard integrity in corporate reporting**

**Recommendation 4.1 – The board of listed entity should have an audit committee which has at least three members all of whom are non-executive directors and a majority of whom are independent directors, and is chaired by an independent director who is not the chair of the board.**

### *Summary of the Company's position*

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

The members of the Audit and Risk Management Committee are Keith Skipper (Chair), Simon Hickey and Stephen Bizzell, all of which are considered financially literate in the context of the Company's affairs.

Presently under the ASX Guidelines it is considered that there is only one independent Director appointed to the Audit and Risk Management Committee, being Mr Keith Skipper. While the Company does not presently comply with Recommendation 4.1, the Company may consider appointing additional independent Directors in the future. The Company believes that given the size and scale of its operations, non-compliance by the Company with Recommendation 4.1 will not be detrimental to the Company.

The Charter of the Audit Committee is set out in the Company's Corporate Governance Charter which is available from the Company's website.

**Recommendation 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.**

### *Summary of the Company's position*

The managing director together with the chief financial officer are required to state in writing to the Board that the financial reports of the Company represent a true and fair view in all material respects, of the Company's financial conditions and operating results and are in accordance with relevant accounting standards, and that the integrity of the reports is founded on a sound system of financial risk management and internal compliance and control.

**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.**

### *Summary of the Company's position*

A representative of the Company's auditor will be present at the annual general meeting of the Company and available to answer any questions regarding the conduct of the audit and the preparation and content of the auditors' report.

## **Principle 5: Make timely and balanced disclosure**

**Recommendation 5.1 – A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose a summary of it.**

### *Summary of the Company's position*

The Company duly complies with ASIC and ASX (if and when listing occurs) requirements for the timely and accurate reporting of the Company's financial activities, thus ensuring that the Company has disclosed all information which has a material impact on shareholders. This will include the Annual

Financial Report, Interim Financial Report, quarterly cash flows, new and relinquished tenements and changes in directors and shareholder interests and other events which are identified to be material. All ASX announcements will be made available on the Company's website.

The Company has established a written policy designed to ensure compliance with ASX Listing Rules disclosure requirements and accountability at a senior level for that compliance. The Chairperson, managing director or chief financial officer and the Company secretary will take steps in relation to complying with the continuous disclosure obligations of the Company.

If an when listing occurs the Company secretary will be responsible for communication with the ASX, including responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and oversight of information distributed to the ASX.

## **Principle 6: Respect the rights of security holders**

**Recommendations 6.1, 6.2, 6.3 and 6.4 – A listed entity should provide information about itself and its governance to investors via its website, should design and implement an investor relations program to facilitate effective two-way communication with investors, disclose the policies and processes it has in place to facilitate and encourage participation, and give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically**

### *Summary of the Company's position*

The Company promotes effective communication with shareholders to ensure that shareholders are informed of all major developments affecting the Company. Information is communicated through the disclosure of the Company's activities, governance and investor relations on its website, and through encouraging shareholder participation at general meetings and at the annual general meeting of the Company.

The Board believes the Company is not currently of the size to justify establishing a formal communications policy for shareholders communications. The Board shall, upon the Company reaching the requisite corporate and commercial maturity, establish a more effective communications policy for shareholder communications.

## **Principle 7: Recognise and manage risk**

**Recommendation 7.1 - The board of a listed entity should have a risk committee which has at least three members, a majority of whom are independent directors, and is chaired by an independent director.**

### *Summary of the Company's Position*

The Board has established an Audit and Risk Management Committee. The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further details of the Company's risk management policies can be found within the Audit and Risk Management Committee Charter.

Presently under the ASX Guidelines it is considered that there is only one independent Director appointed to the Audit and Risk Management Committee, being Mr Keith Skipper. While the Company does not presently comply with Recommendation 7.1, the Company may consider appointing additional independent Directors in the future. The Company believes that given the size and scale of its operations, non-compliance by the Company with Recommendation 7.1 will not be detrimental to the Company.

The Audit and Risk Management Committee Charter is set out in the Company's Corporate Governance Charter which is available from the Company's website.

**Recommendation 7.2 – The Board or a committee of the board should review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and disclose whether a review has taken place.**

*Summary of the Company’s position*

The Board of the Company is responsible for ensuring appropriate risk management controls are implemented and for the oversight of the Company including its framework of control and accountability systems to enable risk to be assessed and managed.

Additionally, the Company has established an Audit and Risk Management Committee to ensure the development of an appropriate risk management framework that will provide guidance to management in implementing appropriate risk management practices throughout the Company’s operations, practices and systems, and will periodically review risk management as it applies to the Company.

**Recommendation 7.3 – A listed entity should disclose if it has an internal audit function and how the function is structured and what role it performs.**

*Summary of the Company’s position*

The Audit and Risk Management Committee is responsible for the assessment of the performance and objectivity of the internal audit function. The Committee performs the internal audit function primarily to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by ensuring the quality of financial controls is appropriate for the business of the Company, monitoring corporate conduct and business ethics, reviewing matters of significance affecting the financial welfare of the Company and ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate.

**Recommendation 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.**

*Summary of the Company’s position*

The Audit and Risk Management Committee is required to ensure that the necessary controls are in place for risk management policies to be maintained by devising a means of analysing the effectiveness of risk management and internal compliance and control system and the effectiveness of their implementation and reviewing, at least annually, the effectiveness of the Company’s implementation of the risk management system. Disclosure will be made to shareholders where the Company has material exposure to risks that would materially affect the operation or market price of the Company.

## **Principle 8: Remunerate fairly and responsibly**

**Recommendation 8.1 – The Board of a listed entity should have a remuneration committee which has at least three members, a majority of whom are independent directors, and is chaired by an independent director.**

*Summary of the Company’s position*

The Board considers that the Company is not currently of a size or complexity to justify a separate Remuneration Committee. The Board currently performs the functions of a Remuneration Committee and where necessary will seek the advice of external advisors in relation to this role. The Board shall, upon the Company reaching the requisite corporate and commercial maturity, approve the Charter of a Remuneration Committee to assist the Board in relation to the remuneration of Directors and senior management.

While the Company does not presently comply with Recommendations 8.1, the Company does not believe that the current absence of a separate Remuneration Committee will be detrimental to the Company.



**Recommendation 8.2 and 8.3 – 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. A listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.**

*Summary of the Company's position*

The Corporate Governance Charter sets out the Remuneration Committee Charter. The Board, in the absence of a formally constituted Remuneration Committee, is responsible for reviewing the remuneration policies and practices of the Company in respect of an executive remuneration and incentive plan, remuneration packages for Management and Directors and Non-Executive Director remuneration.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive directors and officer's remuneration to the Company's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives;
- attraction of quality management to the Company; and
- performance incentives which allows executives, management and staff to share the rewards of the success of the Company.

Details of the amount of remuneration and all monetary and non-monetary components for Key Management Personnel during the period are disclosed in the Remuneration Report within the Director's Report in the 2014 Annual Report, and will be set out in each annual report of the Company going forward.

In the absence of a formally constituted Remuneration Committee, the functions of the Remuneration Committee will be carried out by the full Board and where necessary will seek the advice of external advisors in relation to this role. Once a formal Remuneration Committee has been constituted, the Company will provide details of its members, the number of meetings and the names of the attendees in future annual reports. In addition, the Company will also provide the terms of any schemes for retirement benefits and equity based remuneration schemes, other than superannuation, for Non-Executive Directors and other participants in future annual reports.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.