



# LONGREACH OIL LIMITED

A.B.N. 98 000 131 797

## CORPORATE GOVERNANCE STATEMENT

Longreach Oil Limited (the Company) has adopted a corporate governance framework and practices that are intended to meet the interests of shareholders, taking into account the Company's size and activities. The framework and practices comply with the Third Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, unless otherwise stated.

This Statement has been approved by the Board. It covers the financial year ended 30 June 2018 and remains current as at 28 September 2018.

The Board of Directors is responsible for the Company's corporate governance and is committed to ensuring the Company conducts itself in a responsible and ethical manner on behalf of the shareholders by whom it is elected and to whom it is accountable, as well as the community in which it operates. This Corporate Governance Statement discloses the extent to which the Company has followed the Australian Securities Exchange (ASX) Corporate Governance Council's Principles and Recommendations during the period. The Board has determined not to implement certain recommendations which were considered to be inappropriate for a company of this nature and size. A description of the Company's corporate governance practices is set out below.

### 1. Lay solid foundations for management and oversight

The Board of Directors has the over-all responsibility for the management and governance of the Company. The Board is required to act honestly, transparently, diligently, independently and in the best interests of all shareholders with the objective of increasing shareholder value.

The Board sets and implements the objectives and strategy of the Company. Day-to-day accounting, administration and management services are provided by a small team of contractors. The Managing Director works with advisers to develop its current investments and identify new investment opportunities. The independent directors formally approve all material decisions. The Board reviews these activities and the operational and financial performance of the Company. There are no formal statements as to the delegated authority of management. However the Board reviews all operations of the Company and monitors and manages business risk, and ensures adherence to appropriate ethical standards.

Scheduled meetings of the Board are to be held throughout the year and the Board meets on other occasions to deal with matters that require attention between scheduled meetings. The responsibility for the operation and administration of the Company is delegated by the Board to the Managing Director.

The Board is responsible for:

- Appointment and termination of Board members, with regard to maintaining the appropriate size and composition. The Board conducts appropriate checks before appointing new members or recommending candidates, with all material information, to our shareholders.
- Appointment of the Chair, Managing Director and /or Chief Executive Officer and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;



- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures
- Approving and monitoring budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any securities of the Company;
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making; and
- Recommending to shareholders the appointment of the external auditor and meeting with the external auditor.

The Company has obligations to its stakeholders to ensure the Company is managed with appropriate due diligence and that all necessary processes are implemented to minimise risk and maximise business opportunities.

To this end, all commercial arrangements, capital expenditure, operational expenditure and other commitments are appropriately documented and have been authorised by the Board. The Company does not yet have a diversity policy or formal processes to evaluate directors' performance. The Board will adopt such initiatives should the nature and size of the company change sufficiently to merit them.

## 2. Structure of the Board to add value

The composition of the Board is determined in accordance with the Company's constitution and the following principles and guidelines:

- The Board should comprise of at least three Directors with a majority of Non-Executive Directors;
- The Board should comprise of Directors with an appropriate range of qualifications and expertise; and
- The Board should meet formally at least four times per annum and informally on an as required basis with all Directors being made aware of, and having available, all necessary information, to participate in an informed discussion of all agenda items.

The following Directors are in office:

Name	Position	Independent
Mr D Kelton	Chairman	Yes
Mr Justin Rosenberg	Managing Director and Company Secretary	No
Mr Andrew Phillips	Non-Executive Director	Yes
Mr Quintus Roux	Non-Executive Director	Yes

The mix of skills comprised in the current Board includes:

- Mining industry experience;
- Telecommunications experience;
- Experience in dealing with joint ventures and high levels of government and regulators;
- High level of business acumen;
- Technical expertise (including finance);



- Ability to think strategically;
- Investment expertise (including mining and technology sectors).

The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within the Company's Annual Report.

The Company does not have a nomination committee. The Board is responsible for addressing board succession issues and for ensuring that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company does not have a program for inducting new directors and providing professional development.

### **3. Act ethically and responsibly**

The Company is committed to maintaining appropriate standards of ethical behaviour required of Company Directors and key executives (that is, officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the business and its financial performance) and encourage the observance of those standards.

The Board supports the following Code of Conduct issued by the Australian Institute of Company Directors:

- A Director must act honestly, in good faith and in the best interests of the Company as a whole;
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company;
- A Director must not make improper use of information acquired as a Director;
- A Director must not take improper advantage of the position of Director;
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors;
- Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that Company, or the person from whom the information is provided, or is required by law;
- A Director should not engage in conduct likely to bring discredit upon the Company;
- A Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

The Board encourages directors and senior executives to own shares in the Company to further link their interests with the interests of all shareholders. Trading of shares by directors and senior executives is prohibited under certain circumstances and as described in the ASX Listing Rules and during certain periods of the financial year. A director or senior executive must not deal in the Company's shares at any time when he or she has unpublished information which, if generally available, might affect the share price. Directors and senior executives are required to first obtain consent from the Chairman before dealing in the Company's securities. Further, Directors are regularly reminded of their responsibilities in relation to ASX Listing Rule 3.19 regarding notifying the market of changes in director interests.



#### **4. Safeguard integrity in corporate reporting**

The Board has not established an audit committee. The Board is responsible for the following:

- Quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practice
- Compliance with all applicable laws, regulations and company policy;
- Effectiveness and adequacy of internal control process;
- Performance of the Company's external auditors and their appointment and removal;
- Independence of the external auditor and the rotation of the lead engagement partner; and
- Identification and management of business risks.

The Managing Director of the Company provide the Board with additional assurances regarding the reliability of the financial information for inclusion in the financial statements. The Managing Director in his Executive and Financial capacity is required to declare to the Board that in his opinion the Financial Statements and the notes to the Accounts within the Annual Report are in accordance with the Corporations Act 2001, comply with the Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the financial position of the Company and are based upon a sound system of risk management and internal compliance and control prior to the signing of the Directors' Declaration in the Annual Report.

The Company ensures that its external auditor attends its AGM and is available to answer questions from shareholders relevant to the audit.

#### **5. Make timely and balanced disclosure**

The Board, through its continuous disclosure policy, the maintenance of a web site ([www.longreachoil.com](http://www.longreachoil.com)) and the holding of annual meetings, where shareholders are encouraged to participate, seeks to keep shareholders fully informed of significant developments in an efficient and timely manner. The Company aims to provide relevant and timely information to its shareholders and the broader investment community in accordance with its continuous disclosure obligations under ASX Listing Rules. The Board has established policies and procedures to ensure compliance with ASX Listing Rules disclosure requirements and accountability at Director and management level for that compliance. The Chairman has been nominated as the person responsible for communication with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX and the public.

At each meeting of directors, consideration is given as to whether notice of material information concerning the Company, including its financial position, performance, ownership and governance has been made available to all investors.



## 6. Respect the rights of shareholders

The Company provides information about itself and its governance to investors via its website ([www.longreachoil.com](http://www.longreachoil.com)).

The Company has not established a formal Shareholder communication strategy. The Company actively communicates with its Shareholders in order to identify their expectations and actively promotes Shareholder involvement in the Company via announcements lodged with the ASX. This communication includes:

- The Annual Report distributed to shareholders and which are available on the Company's website;
- The Half Yearly Report and Quarterly Reports which are available on the Company's website;
- The Annual General Meeting and General Meetings called to obtain shareholder approval for board action as appropriate. Shareholders are encouraged to attend and participate at the Company's Annual General Meeting and General Meetings;
- Letters to shareholders when considered appropriate and informative;
- Announcements on the Australian Securities Exchange; and
- Investor information on the Company's website [www.longreachoil.com](http://www.longreachoil.com)

The Company ensures that company announcements via the ASX are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner.

The Board encourages the participation of shareholders at General Meetings, by ensuring shareholders have appropriate notice and information, as well as inviting questions and feedback during the meetings.. On request, information announced by the Company is made available to shareholders by e-mail, facsimile or post. Shareholders are able to make contact with and receive communications from both the Share Registry ([enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)) and the Company ([lgo@longreachoil.com](mailto:lgo@longreachoil.com)).

## 7. Recognise and manage risk

The Board is responsible for identifying, assessing, managing and monitoring business risks. The Board periodically reassesses the risk profile of the Company. Specific areas of risk that are identified are regularly considered at Board meetings. Included in these areas are:

- Investment risk
- Compliance – Listing rules, Corporations Act, Taxation etc
- Financial exposures – exchange rates, change in regulatory environments etc.

Regarding financial controls, the Board receives an annual report from the external auditors regarding the state of the Company's internal control framework. This report complements the Board's assessment to determine the appropriate control framework.

Regarding investment risk, the Board works closely with its advisers and investment partners to assess investment opportunities and risks. The Board uses expert advice (especially legal) to adequately mitigate transaction risk.

The Board reviews the risk management framework at least annually. Relative to its operations and size, the Board has not established a risk management committee or an internal audit function.



## **8. Remunerate fairly and responsibly**

Disclosure of remuneration policy and procedures:

- 8.1** Due to the size of the Company it has not been considered necessary to establish a remuneration committee. The Board is responsible for determining and reviewing the remuneration of Directors. Directors' fees are within parameters approved by shareholders. At this stage no performance hurdles have been imposed.
- 8.2** The Directors' remuneration is set out in the annual Directors' Report. The Company's administrative activities are carried out by contractors at commercial rates under instruction from the Board.

Each Director evaluates the performance of the other Board members annually to assess their suitability and also to ensure that additional Directors are not required. The shareholders also have the right and are given the opportunity to question the Board members formally at meetings or informally by direct contact.

- 8.3** The Company does not have an equity-based remuneration scheme.