



EMPIRE OIL & GAS NL

Board Charter



Empire Oil & Gas NL

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Purpose and Objectives

This Charter sets out:

- the role and responsibility of the Board of Directors (the **Board**) of Empire Oil & Gas NL (**Empire**);
- that the Board is governed by the Constitution of Empire, a copy of which is available on the Empire website at: www.empireoil.com.au; and
- the membership and operation of the Board.

Accordingly, nothing in this Charter must conflict with the Constitution, the Corporations Act or the ASX Listing Rules. If such a conflict occurs, the Constitution, Corporations Act and the ASX Listing Rules shall prevail.

Role and Function of the Board

Role of the Board

The Board's role is to:

- provide the overall strategic direction, and set the policies and financial objectives for Empire and monitor their implementation;
- ensure that the activities of Empire comply with its Constitution and all legal and regulatory requirements;
- define the powers to be reserved to the Board and those to be delegated to its committees and to Management; and
- represent and serve the interests of the shareholders of Empire.

Strategy and Planning

The Board is responsible for:

- working with Management to ensure that an appropriate strategic direction and array of goals are in place;
- reviewing and approving Empire's business and risk strategies;
- ensuring that an appropriate set of internal controls are implemented and reviewed regularly;
- when required, overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets; and
- monitoring and reviewing the implementation of those strategies, including reporting the outcome of such reviews on at least an annual basis.

Oversight of Management

The Board is responsible for:

- the appointment and, if appropriate, the removal of the Chief Executive Officer/Managing Director;
- setting the Chief Executive Officer/Managing Director's terms and conditions of employment;
- setting criteria for, and evaluating at least annually, the performance of the Chief Executive Officer/Managing Director;
- approving the appointment and, where appropriate, the termination, of officers of Empire who are direct reports to the Chief Executive Officer/Managing Director;
- approving the remuneration policies and practices for all Employees;
- ensuring Management supplies the Board with information that will assist the Board to discharge its duties;
- reviewing the adequacy of resources for Management to properly carry out approved strategies and business plans;
- ensuring crisis management procedures are in place;
- reviewing on a regular and continuing basis, executive succession planning (and in particular the Chief Executive Officer/Managing Director);

- appointing and removing the Company Secretary; and
- when required, ensuring appropriate human resource systems (including occupational health and safety systems) are in place to ensure the well-being and effective contribution of all Employees.

Oversight of Financial Management and Capital Management

The Board is responsible for:

- reviewing and approving annual and half yearly financial reports;
- monitoring Empire's financial position and results on an ongoing basis and against the approved annual budget;
- overseeing Empire's accounting and financial management systems;
- reviewing, approving and monitoring the progress of major capital expenditure, capital management levels, major acquisitions and divestitures and material commitments;
- approving decisions affecting the capital structure of Empire and major financing arrangements; and
- determining the dividend policy of Empire and declaring dividends.

Shareholders

The Board is responsible for:

- overseeing effective communication with shareholders, including convening shareholders' meetings, and listening and through the Chairman, responding to shareholders' views of Management, the Board and Empire;
- reporting to shareholders in accordance with regulatory requirements;
- promoting the interests of Empire as a whole in relation to Empire shareholders, governments, other public organisations, other companies and the public generally.

Other Stakeholders

The Board is responsible for overseeing and approving:

- policies governing Empire's relationships with other stakeholders; and
- appropriate environmental, employment and occupational health and safety policies.

Ethics and Sustainability

The Board is responsible for:

- Empire's diversity obligations under Empire's Diversity Policy;
- monitoring Empire's culture and its ethical and responsible decision making;
- reviewing the social and ethical impact of Empire's activities;
- overseeing and approving a Code of Conduct to guide its Directors, Management and Employees in the practices necessary to maintain confidence in Empire's integrity;
- governance, compliance and risk oversight;
- enhancing and protecting the brand and reputation of Empire; and
- monitoring the culture of Empire.

Compliance and Risk Management

The Board is responsible for:

- overseeing Empire's corporate governance, internal control and accountability systems and reviewing reporting under those systems; and
- establishing, overseeing and reviewing the effectiveness of Empire's systems for identifying, assessing, monitoring, and managing material business risks, including crisis control.

Delegation

The Board is responsible for:

- delegating appropriate powers to the Chief Executive Officer/Managing Director, Management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers; and
- making all decisions outside the scope of these delegated powers.

Role of Chairman

The Chairman is a Non-Executive Director appointed by the Board.

The Chairman should not be the same person as the Chief Executive Officer/Managing Director nor be a former Executive officer.

Inside the Boardroom

The Chairman is responsible for:

- establishing the agenda for Board meetings in consultation with the Chief Executive Officer/Managing Director;
- chairing Board meetings;
- leading the Board in its duties to Empire;
- briefing all Directors in relation to issues arising at Board meetings;
- ensuring that the decisions of the Board are implemented appropriately;
- the oversight of the processes and procedures in place to evaluate the performance of the Board, its committees and individual Directors; and
- facilitating effective discussions at Board meetings.

Outside the Boardroom

The Chairman is responsible for:

- in conjunction with the Chief Executive Officer/Managing Director, undertaking appropriate public relations activities;
- being the spokesperson for the Company at the Annual General Meeting and in the reporting of performance and profit figures;
- being the major point of contact between the Board and the Chief Executive Officer/Managing Director;
- being kept fully informed of current events by the Chief Executive Officer/Managing Director on all matters which may be of interest to Directors;
- regularly reviewing with the Chief Executive Officer/Managing Director, and such other senior officers as the Chief Executive Officer/Managing Director recommends, progress on important initiatives and significant issues facing the Company; and
- providing mentoring for the Chief Executive Officer/Managing Director.

The Board will appoint a lead independent Director to act as Chairman in the event that the Chairman is unable to so act for any reason.

Role of Company Secretary

The Company Secretary acts as a secretary of the Board, attending all meetings of the Board as required. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board.

The Company Secretary is responsible for:

- organising Board meetings and Director attendance;

- monitoring compliance with Board policy and procedures;
- co-ordinating the completion and despatch of the Board agenda and briefing materials;
- preparing minutes of meetings and resolutions of the Board and taking these to the Chairman for approval and circulation;
- circulating minutes from committee meetings to the Board as required;
- overseeing the Empire compliance program and ensuring the Empire compliance and reporting obligations are met;
- providing counsel on corporate governance principles and Director liability;
- reporting on legal compliance;
- ensuring that Empire complies with its requirements under the Corporations Act and ASX Listing Rules and any regulatory bodies are fully met, including the lodging of all returns, notices and announcements as required;
- maintaining a register of Empire's Policies as approved by the Board;
- maintaining, updating and ensuring that all Directors have access to an up-to-date copy of the Board Charter and associated governance documentation;
- maintaining the complete list of the Delegations of Authority;
- reporting at Board meetings the documents executed under a power of attorney, or under the common seal; and
- any other services the Chairman or Board may require.

Board Membership

Composition

The Board will consist of a majority of non-executive, independent Directors. The Board will select one of its members to be Chairman. The Board shall be comprised of a minimum of three Directors.

Empire aims to have a board of Directors with an appropriate range of skills, experience, expertise and an understanding of and competence to deal with current and emerging issues in Empire's business. Empire's succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.

Appointment and Re-election of Directors

Appointment and re-election of Directors shall take place as follows.

Appointment of New Directors

The process of selection and appointment of new Directors to the Board is that, when a vacancy arises or where the Board determines that additional skills and expertise are required, the Nomination Committee, with the assistance of expert advisers where appropriate, identifies candidates with appropriate skills, experience and expertise and undertakes appropriate background checks. Candidates with the skills, experience, expertise and time availability that best complement the Board's effectiveness will be recommended to the Board.

When the Board considers that a suitable candidate has been found and the invitation to become a director is accepted, that person is appointed by the Board to fill a casual vacancy in accordance with Empire's Constitution, but must stand for election by shareholders at the next Annual General Meeting following the Director's date of appointment.

Non-Executive Directors will be engaged by a letter of appointment setting out the terms and conditions of their appointment. Directors will be required to participate in induction or orientation programs on appointment, and in any continuing education or training arranged for them.

Re-election of Incumbent Directors

Retiring Directors may be re-elected subject to performance, the requirements of Empire and shareholder approval.

Procedures for the nomination, selection and appointment of Empire's Directors are governed by the Charter, the Nomination Committee Charter, Empire's Diversity Policy, Empire's Constitution, the ASX Listing Rules and the Corporations Act.

Independence

When determining the independent status of a Director, the Board considers whether the Director:

- is a substantial shareholder of Empire (more than 5% of the voting shares of Empire) or an officer of, or otherwise associated directly with, a substantial shareholder of Empire;
- is employed, or has previously been employed in an executive capacity by Empire, or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- within the last three years, has been a principal of a material professional adviser or material consultant to Empire or another group member or an employee materially associated with the service provided;
- within the last three years, is a material supplier or customer of Empire or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with Empire or another group member other than as a Director of Empire;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of Empire for such a period that his or her independence may have been compromised.

In determining whether a relationship between a Director and Empire is considered material, the Board assesses a range of quantitative and qualitative matters including the proportion the transactions represent to both Empire and the Director and the value or strategic importance of the relationship to both Empire and the Director.

The Board will regularly assess the independence of each Director in light of the interests disclosed by them. Each Director must provide the Board with all relevant information for this purpose. The outcome of this assessment will be reflected in the corporate governance section of the Annual Report.

Performance

Directors shall have access to and benefit from a regular continuing education program to enhance their competencies and keep them up to date with the activities of Empire.

The Board shall:

- determine a process for the evaluation of the performance of the Board as a whole, Board Committees and Directors at least annually; and
- review the time required from Non-Executive Directors and whether Non-Executive Directors are meeting these requirements.

Board Process

Meetings

All Board meetings will be conducted in accordance with Empire's Constitution and the Corporations Act.

Non-Executive Directors will periodically meet without executive Directors or Management present.

Board meetings will be held regularly throughout the year, and at least as many times as it is necessary for the Board to discharge its obligations. Special meetings may be convened as required.

A notice of each meeting confirming the date, time, venue and agenda shall be distributed to each Director whenever possible within a reasonable period in advance of each meeting.

The notice of meeting will include the relevant supporting papers for the agenda items to be discussed.

The Board shall develop and agree an annual program capable of fulfilling its responsibilities. The Chairman, with the assistance of the Company Secretary, will develop the agenda for each meeting on the basis of the annual program and any other matters deemed to be relevant to the particular meeting.

Unless otherwise determined by the Directors, a quorum for the purpose of considering a matter at a meeting will be two Directors who are entitled to vote on the matters to be considered at that meeting. Subject to the Corporations Act and ASX Listing Rules, in the case of an equality of votes, the Chairman of the Board shall have a second or casting vote.

In addition to the members of the Board, such executives and/or external parties as the Chairman and members of the Board think fit may be invited to attend meetings.

The minutes of Board meetings and Committee meetings will be confirmed as soon as practicable after the meeting and signed by the respective Chairman.

Access to Independent Professional Advice

Following consultation with the Chairman, Directors are entitled to obtain independent professional advice at Empire's expense. Generally, this advice will be available to all Directors and received on behalf of the Board as a whole.

Access to Management and Information, Insurance

Directors shall have the benefit of a Deed of Indemnity and Access.

Empire currently holds Directors' and Officers' Insurance Policies. Empire will ensure that all new Directors and officers are included on Empire's insurance policies. Empire will also review the Directors and Officers Insurance Policies on at least an annual basis to ensure that they are sufficient.

Directors shall have access to all information reasonably considered necessary to perform their responsibilities and to exercise independent judgment when making decisions in accordance with agreed protocols.

Delegations

Delegation to Committees

Under Empire's Constitution, the Board may delegate any of its powers to a Committee of Directors.

Directors are entitled to attend Committee meetings and receive, on request, Committee papers. Committees will maintain minutes of their meetings. The Chairman of each Committee will report back on Committee meetings to the Board at the next full Board meeting.

To assist the Board in fulfilling its duties, there are currently three Committees:

- Audit and Risk Committee;
- Nomination Committee; and
- Remuneration Committee.

Each Committee established by the Board has a formal Charter approved by the Board setting out the authority, responsibilities, membership and operation of the Committee.

Each Committee should report to the Board on all matters relevant to the discharge by the Committee of its role and responsibilities during the period covered by the report. In addition, each Committee should report to the Board on specific issues as and when required under its Charter and on the proceedings of each meeting of that Committee to the next Board meeting. Unless otherwise agreed, committee meetings will generally be held on a quarterly basis.

The minutes of all Committee meetings should be made available to all Directors as soon as practicable.

Delegation to Chief Executive Officer/Managing Director and Management

The Board has delegated to the Chief Executive Officer/Managing Director the authority to develop Empire's business, manage the day to day affairs of Empire and the authority to control the affairs of Empire in relation to all matters delegated by the Board in the Delegation of Authority. The Chief Executive Officer/Managing Director reports directly to the Board.

The Board may impose further specific limits on the Chief Executive Officer/Managing Director's delegations from time to time.

Unless the Board specifies otherwise in the Delegation of Authority, the Chief Executive Officer/Managing Director has authority to sub-delegate such authority and power to such members of the management team as the Chief Executive Officer/Managing Director shall determine from time to time.

Review of the Charter

The Board is responsible for reviewing this Charter and the division of functions and the responsibilities in Empire to determine its appropriateness to the needs of Empire from time to time.

The Charter may be amended by resolution of the Board.

Who to Contact

Any questions relating to the interpretation of this Charter should be forwarded to the Company Secretary.

Disclosure

A summary of the Charter and the key features will be published in Empire's Annual Report.

A copy of this Charter is available at www.empireoil.com.au.

Glossary

Term	Definition
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Board	means Empire's board of directors.
Chairman	means the person appointed as the chairman of the Board from time to time.
Charter	means this document or any amending or replacement document.
Chief Executive Officer	means the person appointed as Chief Executive Officer of Empire from time to time.
Company Secretary	means the person appointed as the company secretary of Empire from time to time.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means the persons appointed as directors of Empire from time to time.
Empire	means Empire Oil & Gas NL ABN 55 063 613 730.
Employee	means any person employed by Empire or who otherwise acts as an agent of Empire or performs work for Empire as an independent contractor, including the Chief Executive Officer/Managing Director and other senior executives.

Term	Definition
Management	means the senior management team (excluding Board members but including the Chief Executive Officer/Managing Director) of Empire, being those who have the opportunity to materially influence the integrity, strategy and operation of Empire and its financial performance.
Managing Director	means the person appointed as Managing Director of Empire from time to time.