

## Corporate Governance Framework

### 1. Introduction

The Board of Directors of Winchester Energy Limited (**Company**) has adopted the following Corporate Governance Principles promulgated by the ASX Corporate Governance Council ("**Council**") and is responsible for the adherence to these Principles. These Principles and Practices will be reviewed regularly and upgraded or changed to reflect changes in law and what is regarded as best practice. A description of the Company's main Corporate Governance Principles and Practices is set out below.

### 2. Role of the Board

The Board has adopted the following Statement of Matters for which the Board will be responsible:

- a. overseeing the Company, including its control and accountability systems;
- b. review and approve business plans, budgets and forecasts and set goals for management;
- c. appointment, evaluation, rewarding, reviewing the performance of and if necessary the removal of the Managing Director (or equivalent), the Company Secretary and senior management personnel is the role of the Board of Directors;
- d. in conjunction with members of the senior management team, to develop corporate objectives, strategies and operations plans and to approve and appropriately monitor plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities;
- e. establishing appropriate levels of delegation to the executive Directors to allow them to manage the business efficiently;
- f. monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, and reviewing financial performance against key performance indicators on a monthly basis, to understand at all times the financial and operating conditions of the Company, including the reviewing and approving of annual budgets;
- g. monitoring the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available to them;
- h. approve material terms for the acquisition and disposal of assets, products and work programs, capital, development and other material expenditure items;



- i. identifying areas of significant business risk and to ensure that the Company is appropriately positioned to manage those risks;
- j. overseeing the management of safety, occupational health and environmental matters;
- k. satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- l. satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- m. ensuring that appropriate internal and external audit arrangements are in place and operating effectively; and
- n. reporting accurately to shareholders, on a timely basis.

### 3. Board Independence

- a. The Board consists of five Directors, but up to 10 Directors can serve on the board. There is one Executive Director, Neville Henry, who is Chief Executive Officer of the Company, and three Non-Executive Directors (John Kopcheff, Peter Allchurch, and Larry Cheng Kang Liu):

John Kopcheff	Non-Executive Chairman
Peter Allchurch	Non-Executive Director and Deputy Chair
Neville Henry	Executive Director and Chief Executive
Larry Cheng Kang Liu	Non-Executive Director

- b. The Board has adopted a series of safeguards to ensure that independent judgement is applied when considering the business of the Board:
  - i. Directors are entitled to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required but this is not unreasonably withheld.
  - ii. Directors having a conflict of interest with an item for discussion by the Board must absent themselves from a board meeting where such item is being discussed before commencement of discussion on such topic.
  - iii. The Independent Directors confer on a "needs" basis with the Chairman, if warranted and considered necessary by the Independent Directors.
  - iv. The Board considers Non-Executive Directors to be independent even if they have minor dealings with the Company. Transactions with a value in excess of 5% of the Company's annual operating costs are considered material. A Director will not be considered independent if he/she is involved in transactions with the Company that are in excess of this materiality threshold.



#### **4. Tenure of the Board**

- a. The Directors are expected to review their membership of the Board from time to time taking into account the length of service on the Board, age, qualification and experience, any requirements of the Company's constitution, and in light of the needs of the Company and direction of the Company, together with such other criteria considered desirable for composition of a balanced board and the overall interests of the Company. The Company will include checks as to the Person's character, experience, education, criminal record and bankruptcy history.
- b. A Director is expected to resign if the remaining Directors recommend that a Director should not continue in office, but is not obliged to do so.

#### **5. Chairman**

- a. John Kopcheff is the current Chairman of the Company.
  - i. The Chairperson is responsible for the leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chairperson is also responsible for overall shareholder communication, chairing shareholder meetings, arranging Board performance evaluation, and presides over meetings of the Board and general meetings of shareholders. The Chairman is responsible for leading and managing the Board in the discharge of its duties.

#### **6. Remuneration and Nomination Committee**

- a. The Company has established a remuneration and nomination committee which is comprised of non-executive directors. A non-executive director will act as Chairman of the Remuneration and Nomination Committee.
- b. At each annual general meeting, the following Directors retire:
  - i. one third of Directors (excluding the Managing Director or Chief Executive Officer, if he/she is a Director, if any);
  - i. Directors appointed by the Board to fill casual vacancies or otherwise; and
  - ii. Directors who have held office for more than three years since the last general meeting at which they were elected.

#### **7. Ethical and Responsible Decision-Making**

- a. In making decisions, the Directors of the Company, its officers and employees, take into account the needs of all stakeholders:
  - i. the Company;
  - ii. Shareholders;
  - iii. Employees;
  - iv. Community;
  - v. Creditors;
  - vi. Contractors; and



- vii. Governments which are relevant to the Company's business and operations.
- b. The Directors, officers and employees of the Company are expected to (among other things):
  - i. comply with the laws and regulations both by the letter and in spirit applicable to the Company and its operations;
  - ii. act honestly, in good faith and in the best interests of the Company;
  - iii. avoid conflicts of interest by not placing themselves in situations which result in divided loyalties;
  - iv. not take advantage of property or information of the Company or their position for personal gain or to cause detriment to the Company;
  - v. not to release confidential information except where specific permission is received from the Company; and
  - vi. be responsible and accountable for their actions and report any unethical behaviour or breaches of the Company's code of conduct.

## 8. Trading in Company Securities

- a. The Company encourages Directors and employees to adopt a long-term attitude to their investment in the Company's securities. All Directors and employees (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities issued by the Company is undertaken within the framework set out in the Securities Trading Policy.
- b. The Securities Trading Policy does not prevent Directors or employees (including their immediate family or any entity for which they control investment decisions) from participating in any share plan or share offers established or made by the Company. However, Directors or employees are prevented from trading in the securities once acquired and any other company securities they hold, if the individual is in possession of price sensitive information not generally available to all security holders.
- c. In keeping with recent Listing Rule amendments, additional restrictions are placed on trading by Directors and other personnel, as determined by the Chairman and Company Secretary from time to time (**Key Management Personnel**).
- d. In addition to the overriding prohibition against dealing in the Company's securities when a person is in possession of inside information, Key Management Personnel and their associated parties are at all times prohibited from dealing in the Company's securities during prescribed '**closed**' periods. The Company has nominated closed periods to be during the period of fourteen (14) days prior to, and one (1) day after, the release of the Company's Quarterly Reports (including the Appendix 4C), other planned announcements relating to results and such other announcements as determined by the Directors from time to time, unless exceptional circumstances apply.
- e. Notwithstanding the foregoing, Directors and employees who wish to deal in Company Securities must obtain the prior written approval of the Managing Director (or his delegate) before doing so, even outside of closed periods.



- f. In accordance with Listing Rules, a Director must notify the ASX within 5 business days after any change in the Director's relevant interest in securities of the Company or a related body corporate of the Company.
- g. A Director must notify the Company Secretary in writing of the requisite information within 2 business days in order for the Company Secretary to make the necessary notifications to ASIC and ASX, as required by the ASX Listing Rules.

## 9. Integrity of Financial Reporting

- a. The Company's Managing Director will report in writing to the Board:
  - (i) that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group; and
  - (ii) that the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Company's risk management and internal controls are operating efficiently in all material respects.

## 10. Audit and Risk Committee

- a. The Company has established an audit and risk committee which comprises of non-executive directors. A non-executive director will act as Chairman of the audit committee.
- b. The role of the audit and risk committee is to:
  - i. monitor and review the integrity of the Company's financial and corporate reporting process;
  - ii. monitor the internal and external audit functions;
  - iii. review the adequacy of the control environment and the processes for identifying and managing risk; and
  - iv. perform such other functions as assigned by the Board or the Company's Constitution.
- c. The audit committee may seek provision of educational information on accounting policies and other financial topics relevant to the Company to assist in fulfilling its duties. Further, the audit committee may seek explanations and additional information from the Company's external auditors, without management present, when required.
- d. The audit and risk committee may, with prior written approval of the Chairman of the Board, obtain such independent legal, financial and other advice as it considers necessary, with the cost to be borne by the Company.
- e. Other matters relating to the operation and authority of the audit and risk committee are set of in the audit and risk committee charter, which shall be posted on the Company's website.



## 11. Timely and Balanced Disclosure to Australian Securities Exchange

- a. The Company has procedures in place to identify matters that are likely to have a material effect on the price of the Company's securities and to ensure those matters are notified to the Australian Securities Exchange in accordance with its listing rule disclosure requirements.
- b. The distribution of information to the market and media will be handled by the Managing Director and the Company Secretary, who have been appointed as the Company's disclosure officers. The Company Secretary has been nominated as the person responsible for communications with Australian Securities Exchange. This role includes responsibility for compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules and overseeing and coordinating information disclosures to Australian Securities Exchange, analysts, brokers, shareholders the media and the public.
- c. All disclosures to the Australian Securities Exchange will be posted on the Company's website soon after clearance has been received from the Australian Securities Exchange.
- d. The Managing Director and Company Secretary will monitor information in the marketplace to ensure that a false market does not emerge in the Company's securities.

## 12. Communication with Shareholders

- a. It is the Company's communication policy to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company.
- b. The information will be communicated to the shareholders through:
  - I. continuous disclosure announcements made to the Australian Securities Exchange;
  - II. periodic disclosure through the annual report (or concise annual report), half year financial report and quarterly reporting of exploration, production and corporate activities;
  - III. notices of meetings and explanatory material and the annual general meeting;
  - IV. periodic newsletters or letters from the Chairman or Managing Director on the Company's website; and
  - V. the Company's website at [www.winchesterenergy.com](http://www.winchesterenergy.com).
  - VI. On the Company's website, information about the Company's activities will be shown.
- c. At annual general meetings and other general meetings of shareholders, shareholders will be encouraged to ask questions of the Board of Directors relating to the operation of the Company.



## 13. Performance

- a. The Board has adopted a self-evaluation process to measure its own performance. The Chairman evaluates the performance of each Director and the Board evaluates the performance of the Chairman. The Board will be responsible for evaluating the performance of executives and senior staff. All performance evaluations will be measured against budget, goals and objectives set.
- b. All Directors of the board have access to the Company Secretary who is appointed by the Board. The Company Secretary reports to the Chairman, in particular to matters relating to corporate governance.
- c. All board members have access to professional independent advice at the Company's expense, provided they first obtain the Chairman's approval, with such approval not being withheld unreasonably.

## 14. Remuneration

### 14.1 Directors

- a. The Non-Executive Directors including the Chairman are eligible to receive a fixed Directors' fee. The maximum aggregate amount of fees which could be paid to Non-Executive Directors is set by the Company in general meeting and, until such time, is determined by the Directors. The objective of the Company's remuneration policies, processes and practices are to attract and retain appropriately qualified and experienced Directors who will add value by adopting competitive remuneration and reward programmes which are fair and responsible and aligned with shareholder objectives. Remuneration is also determined having regard to how Directors are remunerated for other similar companies, the time spent on the Company's matters and the performance of the Company.
- b. Neville Henry is the Managing Director of the Company and he is charged with the responsibility of managing the Company's day-to-day business. Certain responsibilities are delegated to the Managing Director and are set out in 14.2 below.
- c. The Board has no retirement or termination benefits.

### 14.2 Senior Executives

- a. The objective of the Company's remuneration policies, processes and practices as they relate to senior executives are to attract and retain appropriately qualified and experienced employees who will add value by adopting competitive remuneration and reward programmes which are fair and responsible and aligned with shareholder objectives. Remuneration is also determined having regard to how senior executives are remunerated for other similar companies and the performance of the Company.
- b. The Managing Director is responsible for managing the Company's day-to-day business. The key functions and responsibilities of the Managing Director, which have



been delegated by the Board, focus on the commercial aspects of developing the Company's operations.

## 15. Interests of Stakeholders

- a. It is the Company's objective to create wealth for its shareholders and provide a safe and challenging environment for employees and for the Company to be a valuable member of the community as a whole.
- b. The Company's ethical and responsible behaviour is set out under the heading "Ethical and Responsible Decision-making" in section 7 above.
- c. The Company's core values are summarised as follows:
  - I. provide value to its shareholders through growth in its market capitalisation;
  - II. act with integrity and fairness;
  - III. create a safe and challenging workplace;
  - IV. be participative and recognise the needs of the community;
  - V. protect the environment;
  - VI. be commercially competitive; and
  - VII. strive for high quality performance and development.

## 16. Diversity Policy

- a. The Company believes that the promotion of diversity on its Board and within the organisation generally is good practice and is actively committed to actively managing diversity as a means of enhancing the Company's performance.
- b. The Board acknowledges the benefits of and will seek to achieve diversity during the process of employment at all levels without detracting from the principal criteria for selection and promotion of people to work within the Company based on merit.
- c. Refer to the Company's diversity policy for further information.