



MOLOPO ENERGY LIMITED

ABN 79 003 152 154

BOARD CHARTER

Molopo Energy Limited is the holding company for the Group, the principal activities of which are exploration, development and production of conventional and unconventional oil & gas resources, including related infrastructure.

In this Charter, references to “Molopo”, “the Company” or “the Group” include all subsidiaries and controlled entities of Molopo Energy Limited.

Overview

1. The Board is primarily responsible for ensuring that Molopo has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.
2. The Board is also responsible for ensuring that management recognises and takes adequate and meaningful actions to address Molopo’s legal and other obligations to all legitimate stakeholders. “Stakeholders” are groups that are likely to feel a social, environmental, economic or financial impact from Molopo’s actions. They include shareholders, customers, suppliers, employees, government regulators and members of the communities where Molopo operates and are affected by Molopo’s activities.
3. Molopo’s obligations to its Stakeholders require that appropriate accountability and control systems are in place.
4. This Charter explains Molopo’s commitment to corporate governance. It is not an “all inclusive” document and should be read as an expression of principle. The Board will review and update this Charter on an annual basis.
5. Molopo endorses the ASX Corporate Governance Council’s Principles of Good Corporate Governance and Best Practice Recommendations (“ASX Principles”).

The Molopo Constitution

6. Molopo’s Constitution is its key governance document. The Board must ensure that it complies with the provisions of the Constitution, and that the affairs of Molopo are conducted in accordance with the Constitution, at all times.

Compliance with Laws

7. As a public company listed on the Australian Securities Exchange (“ASX”), Molopo must comply with the ASX Listing Rules (“Listing Rules”) as well as

the Corporations Act 2001 (Cth) (“Corporations Act”) and all other applicable laws. Examples of applicable areas of regulation include:

- occupational health & safety legislation;
- petroleum and gas safety legislation;
- native title laws;
- employment related laws;
- environmental protection legislation; and
- taxation legislation.

8. As a company operating in numerous jurisdictions, Molopo must ensure that its officers and employees are aware of and comply with all applicable laws and statutes in those jurisdictions.

Composition of the Molopo Board

9. The Board is to comprise:
- a. non-executive directors;¹
 - b. executive directors, one of whom may be the Chief Executive Officer.
10. Subject to availability of suitable candidates, a majority of the Board should be independent non-executive directors and reflective of Molopo’s Diversity Policy.
11. When possible, the Chairman is to an independent non-executive director who is an Australian citizen.

Duties and Responsibilities

12. The Molopo Board is responsible for setting the strategic direction of Molopo and monitoring the implementation of that strategy by the management team, including²:
- a. oversight of the Molopo Group, including its control and accountability systems;
 - b. appointing and removing the Chief Executive Officer;
 - c. approving the appointment and removal of executives who are direct reports to the Chief Executive Officer (based on the recommendation of the Chief Executive Officer);
 - d. appointing and removing the Company Secretary;
 - e. input into and final approval of corporate strategy;
 - f. input into and final approval of the annual operating budget and the capital management budget;
 - g. approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestments;
 - h. monitoring compliance with all legal, tax and regulatory obligations;
 - i. reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;
 - j. at least annually, reviewing the effectiveness of Molopo’s implementation of its risk management system³;

¹ ASX Governance Principles, Recommendation 2.2

² Based on ASX Governance Principles, Recommendation 1.1, Commentary and Guidance

- k. monitoring senior management's performance and implementation of strategy and policies, ensuring appropriate resources are available; and
 - l. approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders.
13. In discharging his/her duties, each director must;
- a. exercise the degree of care and diligence required under applicable laws;
 - b. act in good faith in the best interests of Molopo;
 - c. not improperly use his/her position or misuse information of Molopo;
 - d. comply at all times with applicable laws; and
 - e. commit the time necessary to discharge effectively his/her role as a director.
14. All directors (including Executive Directors) are entitled to be heard at all Meetings and should bring independent judgment to bear in decision-making⁴.
15. Non-executive directors should confer at least once annually without management present⁵.
16. At least once each year, the directors will:
- a. review this Charter and approve any required amendments including those required to comply with the ASX Principles⁶; and
 - b. review the Board's performance during the previous 12 months.

Committees

17. To assist the Board in fulfilling its duties and responsibilities, it has established four Committees:
- a. Remuneration and Nomination Committee;
 - b. Audit and Risk Committee;
 - c. Technical & HSE Committee; and
 - d. Investment Committee
18. Each Committee has a formal Charter.
19. With the exception of certain limited delegations contained in their Charters or specific delegations granted by the Board, recommendations of the Committees are to be referred to the Board for approval.

Remuneration and Nomination Committee

³ ASX Governance Principles, Recommendation 7.1, Commentary and Guidance

⁴ ASX Governance Principles, Recommendation 2.1, Commentary and Guidance

⁵ ASX Governance Principles, Recommendation 2.1, Commentary and Guidance

⁶ ASX Governance Principles, Recommendation 1.1, Commentary and Guidance

20. The Remuneration Committee assists the Board in regard to:
- a. the Company's Remuneration policies;
 - b. Remuneration framework for directors;
 - c. Remuneration policies for senior executives including the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Commercial Officer;
 - d. Remuneration policies for other executive management;
 - e. Option and share based remuneration;
 - f. Superannuation arrangements;
 - g. the identification of suitable candidates for appointment to the Board;
 - h. the plan for succession of the Chairman of the Board and the Chief Executive Officer and periodic review of it;
 - i. the assessment of the performance of individual directors and the endorsement of retiring directors for re-election;
 - j. the provision of appropriate training and development opportunities for directors;
 - k. reviewing and ensuring compliance with the Company's Diversity Policy; and
 - l. Other matters referred to the Committee by the Board.

Audit and Risk Committee

21. The Audit and Risk Committee assists the Board in regard to:
- a. business risk management;
 - b. compliance with legal and regulatory obligations;
 - c. the establishment and maintenance of the internal control framework;
 - d. the reliability and integrity of financial information for inclusion in the Molopo financial statements;
 - e. reviewing the independence of the external auditor;
 - f. audit, accounting and financial reporting obligations; and
 - g. other matters referred to the Committee by the Board.

HSE & Technical Committee

22. The Technical & HSE Committee assists the Board in regard to:
- a. Work with management on HSE issues;
 - b. Work with management on Technical issues;
 - c. Oversee and monitor the HSE & technical aspects of the operational performance of the Company;
 - d. Oversee and report to the Board on HSE performance and the quality of technical work carried out by the Company and, where appropriate, make recommendations for improvement;
 - e. Oversee and report to the Board on reserves related items;
 - f. Report to the Board on HSE & Technical matters; and
 - g. Other matters referred to the Committee by the Board.

Investment Committee

23. The Investment Committee assists the Board in regard to investment decisions.

The Chairman

24. The Chairman is responsible for⁷:
- a. leadership of the Board;
 - b. overseeing the Board in the effective discharge of its supervisory role;
 - c. the efficient organisation and conduct of the Board's function and Meetings;
 - d. facilitating the effective contribution of all directors;
 - e. briefing of all directors in relation to issues arising at Meetings;
 - f. the promotion of constructive and respectful relations between Board Members and between the Board and management; and
 - g. committing the time necessary to discharge effectively his/her role as Chairman⁸.

Independence of Directors⁹

25. Independent directors are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinions at the board table free of concern about their position or the position of any third party.
26. The Molopo Board does not believe it is possible to draft a list of criteria which are appropriate to characterise, in all circumstances, whether a non-executive director is independent. It is the approach and attitude of each non-executive director which is critical and this must be considered in relation to each director while taking into account all other relevant factors, which may include whether the non-executive director:
- a. is a substantial shareholder (as defined in the Corporations Act) of Molopo, or an officer of, or otherwise associated directly with, a substantial shareholder of Molopo;
 - b. has, within the last three years, been employed in an executive capacity by the Molopo Group;
 - c. has, within the last three years, been a principal of a material professional adviser or a material consultant to the Molopo Group or an employee materially associated with the service provided;
 - d. is a material supplier or customer of the Molopo Group, or an officer of or otherwise associated directly or indirectly with, a material supplier or customer;
 - e. has any material contractual relationship with the Molopo Group other than as a director;
 - f. has served on the Board for a period which could materially interfere with the director's ability to act exercise judgement independently from management (and it is neither possible nor appropriate to assign a fixed term to this criteria); or

⁷ ASX Governance Principles, Recommendation 2.2, Commentary and Guidance

⁸ ASX Governance Principles, Recommendation 2.2, Commentary and Guidance

⁹ Based on Governance ASX Principles, Recommendation 2.1, Commentary and Guidance, Box 2.1

- g. is free from any interest, and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the director's ability to express opinions at the board table free of concern about their position or the position of any third party.
27. Family ties and cross-directorships may also be relevant in considering interests and relationships which may compromise independence and should be disclosed by directors to the Board.
28. Molopo has relationships with a number of entities in Australia and overseas. As such, in determining whether a non-executive director is independent, simply being a non-executive director on the board of another entity is not, in itself, sufficient to affect independence. Nevertheless, any director on the board of another entity will be required to excuse themselves from any meeting where that entity's commercial relationship with Molopo is directly or indirectly discussed.
29. The above guidelines must be applied with common sense. Directors are best able to determine if they have an interest or relationship which is likely to impact on their independence. As such, each director is expected to advise the Chairman immediately if he/she believes they may no longer be independent. Should the Chairman or any other director have any concern about the independence of a director, they must immediately raise the issue with that director and, if the issue is not resolved, with the Board.
30. Should the Chairman have any concern about his/her own independence, he/she must immediately raise the issue with the Board.
31. Each director must immediately disclose to the Chairman (with a copy to the Company Secretary) all information relevant for determining whether the director is independent, including details of entities in which the director has a material direct or indirect shareholding (or other interest), is an executive officer or is a director.
32. In the preparation of the Agenda for each Board Meeting, the Chairman and Company Secretary need to be sensitive to disclosed interests and consider whether it is appropriate to withhold part or all of an agenda item (including any relevant Papers) from any director because of a potential or actual conflict. If the Chairman decides to withhold part or all of an agenda item from a director, he/she must advise the director at the time of dispatch of the relevant Board Paper.
33. Directors are to inform the Chairman prior to accepting any new appointment to a listed entity's board¹⁰.
34. Where the independent status of a director is lost, this is to be immediately disclosed to the market.

¹⁰ ASX Governance Principles, Recommendation 2.4, Commentary and Guidance
6 of 10
2012

Access to Information and Independent Advice

35. The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities¹¹.
36. Management must supply the Board and Committees with information in a form, time-frame and quality that enables them to effectively discharge their duties¹². All directors are to receive copies of Committee Papers.
37. Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making¹³. Any director has the authority to seek any information he/she requires from any employee of the Molopo Group and all employees must comply with such requests, which shall be made through the Chief Executive Officer¹⁴. It is expected that any significant issues are communicated to the Chairman, Chief Executive Officer, Chief Financial Officer or Company Secretary.
38. Any Director may take such independent legal, financial or other advice as they consider necessary at Molopo's cost¹⁵. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice.

Director Share Trading

39. Molopo's Codes of Conduct includes the Molopo Dealing In Securities Policy which imposes restrictions on the trading of financial products (for example, shares) by directors and others in possession of undisclosed price sensitive information. All directors must follow that policy.

Appointment and Removal of Directors

40. The Board should be of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interest of the Molopo Group as a whole rather than of individual shareholders or interest groups¹⁶.
41. The Board as a whole will keep under review the composition of the Board and will consider the appropriate timing of retirements from the Board and also appropriate replacements for retiring directors or additions to the Board.
42. A new director will receive a formal Letter of Appointment setting out the key terms and conditions relative to the appointment¹⁷.

Responsibilities of the Chief Executive Officer (CEO)

¹¹ ASX Governance Principles, Recommendation 8.1, Commentary and Guidance

¹² ASX Governance Principles, Recommendation 8.1, Commentary and Guidance

¹³ ASX Governance Principles, Recommendation 8.1, Commentary and Guidance

¹⁴ ASX Governance Principles, Recommendation 8.1, Commentary and Guidance

¹⁵ ASX Governance Principles, Recommendation 2.1, Commentary and Guidance

¹⁶ ASX Governance Principles, Recommendation 2.4, Commentary and Guidance

¹⁷ ASX Governance Principles, Recommendation 1.1, Commentary and Guidance

43. The CEO is responsible for the day-to-day management of the Molopo Group with all powers, discretions and delegations authorised, from time to time, by the Board.
44. The CEO is to have a formal Employment Agreement describing his/her term of office, duties, rights and responsibilities and entitlements on termination¹⁸.
45. At each Meeting where the Board approves the Half-Year and Full-Year Financial Statements, the CEO must provide the Board with a written declaration which includes a declaration whether, in the CEO's opinion:
 - a. the financial records of Molopo for the reporting period have been properly maintained in accordance with section 286 of the Corporations Act;
 - b. the financial statements and the notes referred to in paragraph 295(3)(b) of the Corporations Act, for the reporting period comply with the accounting standards;
 - c. the financial statements and notes for the reporting period give a true and fair view;
 - d. Molopo's financial reports present a true and fair view, in all material respects, of Molopo's financial condition and operational results and are in accordance with relevant accounting standards;
 - e. declaration (d) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board¹⁹; and
 - f. Molopo's risk management and internal compliance and control system is operating effectively in all material respects²⁰.

Responsibilities of the Chief Financial Officer (CFO)

46. The CFO is to have a formal Employment Agreement describing his/her term of office, duties, rights and responsibilities and entitlements on termination.
47. At each Meeting where the Board approves the Half-Year and Full-Year Financial Statements, the CFO must provide the Board with a written declaration which includes a declaration whether, in the CFO's opinion:
 - a. the financial records of Molopo for the reporting period have been properly maintained in accordance with section 286 of the Corporations Act;
 - b. the financial statements, and the notes referred to in paragraph 295(3)(b) of the Corporations Act for the reporting period comply with the accounting standards;
 - c. the financial statements and notes for the reporting period give a true and fair view;
 - d. Molopo's financial reports present a true and fair view, in all material respects, of Molopo's financial condition and operational results and are in accordance with relevant accounting standards²¹;

¹⁸ ASX Governance Principles, Recommendation 1.1, Commentary and Guidance

¹⁹ ASX Governance Principles, Recommendation 7.2.1

²⁰ ASX Governance Principles, Recommendation 7.2.2

²¹ ASX Governance Principles, Recommendation 4.1

- e. declaration d. is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board;²²
- f. Molopo's risk management and internal compliance and control system is operating effectively in all material respects²³.

Written Resolutions

48. Written Resolutions:
- a. are not to be forwarded to directors until they are approved by the CEO;
 - b. are to be sent to all directors;
 - c. are not to be implemented if any director advises that they have any reservations about the proposed Resolution that remains unresolved (in which case the matter is to be considered at the next Board Meeting).

Molopo's Code of Conduct²⁴

49. The Board has adopted, and may from time to time amend, the Molopo Employee and Officer Code of Conduct. This is a formal Code of Conduct to be observed by all directors, employees, consultants and any other person when they represent Molopo.
50. The Molopo Code of Conduct governs the commercial operations of Molopo and deals with compliance in the following areas of conduct:
- a. Compliance with Laws and Regulations;
 - b. Proper Accounting;
 - c. Dealing with Auditors;
 - d. Conflicts of Interest;
 - e. Use of Inside Information; and
 - g. Molopo Dealing in Securities Policy (Insider Trading)²⁵.

Continuous Disclosure and Shareholder Communication Policy^{26 27}

51. To ensure compliance with the relevant provisions of the Corporations Act and Listing Rules, the Board has adopted, and may from time to time amend, the Continuous Disclosure and Shareholder Communication Policy. This is a formal Policy designed to ensure that all employees are aware of the continuous disclosure obligations of Molopo and to promote effective communication with shareholders and encourage effective participation at General Meetings.
52. Beneficial owners of Molopo shares are encouraged to contact the Molopo Share Registry to arrange the direct receipt of shareholder materials²⁸.

²² ASX Governance Principles, Recommendation 7.2.1

²³ ASX Governance Principles, Recommendation 7.2.2

²⁴ ASX Governance Principles, Recommendation 3.1 and 10.1

²⁵ ASX Governance Principles, Recommendation 3.2

²⁶ ASX Governance Principles, Recommendation 5.1

²⁷ ASX Governance Principles, Recommendation 6.1

²⁸ ASX Governance Principles, Recommendation 6.1, Commentary and Guidance

Financial Results

53. As part of Molopo's continuous disclosure obligations, Molopo must provide commentary on its financial results to enhance the clarity and balance of the report²⁹. This commentary should include information needed by an investor to make an informed assessment of Molopo's activities and results.
54. As part of its review of operations and activities as required by Listing Rule 4.10.17, Molopo will conduct its review in accordance with the Group of 100 publication which is reproduced in ASX Guidance Note 10 - Review of Operations and Activities.

Annual Report – Corporate Governance Section

55. The Molopo Annual Report is to include a Corporate Governance Section which will contain the content required by the ASX Principles (as well an explanation of any departures from the Best Practice Recommendations)³⁰.

Corporate Governance Website

56. As part of an effective communications strategy, Molopo will maintain and keep current the Corporate Governance section of its Website.

Notice of Meeting

57. Molopo generally adopts the ASX Principles for Notices of Meetings.

External Auditor³¹

58. The external auditor must attend the Annual General Meeting of Molopo and must be available to answer questions about:
 - a. the conduct of the audit;
 - b. the preparations and content of the Auditor's Report;
 - c. the accounting policies adopted by Molopo in relation to the preparation of the financial statements; and
 - d. the independence of the external auditor in relation to the conduct of the audit.

²⁹ ASX Governance Principles, Recommendation 5.1, Commentary and Guidance

³⁰ ASX Governance Listing Rule 4.10

³¹ Section 250T of the Corporations Act