



BOARD CHARTER

KAROON GAS AUSTRALIA LIMITED - BOARD CHARTER

1. INTRODUCTION

- 1.1 Karoon Gas Australia Limited ABN 53 107 001 338 (**Company**) is a listed public company.
- 1.2 The board is responsible for the corporate governance of the Company.
- 1.3 The purpose of this charter is to:
 - (a) promote high standards of corporate governance;
 - (b) clarify the role and responsibilities of the board; and
 - (c) enable the board to provide strategic guidance for the Company and effective management oversight.
- 1.4 This charter is supported by the Company's Code of Conduct and the charters for the Remuneration Committee and Audit Committee.

2. BOARD SIZE AND COMPOSITION

- 2.1 There shall be a minimum of 3 directors and a maximum of 10 directors.
- 2.2 The board shall comprise of:
 - (a) directors with an appropriate range of skills, experience and expertise;
 - (b) directors who can understand and competently deal with current and emerging business issues; and
 - (c) directors who can effectively review and challenge the performance of management and exercise independent judgment.

3. THE BOARD'S ROLE AND RESPONSIBILITIES

- 3.1 The board acts on behalf of shareholders and is accountable to shareholders for the overall direction, management and corporate governance of the Company.
- 3.2 The board is also responsible for:
 - (a) defining and monitoring the strategic direction of the Company;
 - (b) defining policies and procedures to ensure the Company operates within the legal, ethical and social requirements of its environment;
 - (c) establishing control and accountability systems within the Company's group operations to conform to the legal requirements and the expectations of shareholders and other stakeholders;
 - (d) defining and monitoring the management of an effective risk assessment strategy;
 - (e) securing funds to develop the Company's assets;
 - (f) driving Company performance;
 - (g) from time to time, reviewing and monitoring the management and Company performance;
 - (h) appointing and appraising the Executive Chairman and any other executive director;
 - (i) ensuring that there are adequate plans and procedures for succession planning;
 - (j) reviewing and approving the remuneration of the Executive Chairman and senior management;

- (k) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- (l) approving and monitoring financial and other reporting.

4. THE BOARD AND MANAGEMENT

- 4.1 Responsibility for day to day management and administration of the Company is delegated by the board to the Chief Executive Officer and the Executive Management Team.
- 4.2 The Chief Executive Officer manages the Company in accordance with the strategy, plans and policies approved by the board.
- 4.3 The board has in place procedures to assess the performance of the Chief Executive Officer.

5. BOARD COMMITTEES

- 5.1 The board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:
 - (a) Audit Committee; and
 - (b) Remuneration Committee.
- 5.2 The charter or terms of reference of each board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the board. Each committee will review its charter from time to time as appropriate.

6. AUDIT COMMITTEE

- 6.1 The objective of the Audit Committee is to:
 - (a) assist the board in fulfilling its responsibilities in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business policies and practices;
 - (iv) legal and regulatory compliance; and
 - (v) internal risk control and management systems;
 - (b) maintain and improve the quality, credibility and objectivity of the financial accountability process; and
 - (c) provide a forum for communication between the board and senior financial and compliance management.
- 6.2 The Audit Committee must comprise of:
 - (a) at least 3 members; and
 - (b) a majority of non-executive directors, and preferably at least one member shall have a strong financial background.
- 6.3 The Audit Committee will appoint its chairperson.

7. REMUNERATION COMMITTEE

- 7.1 The objective of the Remuneration Committee is to help the board achieve its objective of ensuring the Company:

- (a) has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- (b) observes those remuneration policies and practices; and
- (c) fairly and responsibly rewards executives and other employees having regard to the performance of the Company, the performance of the executive or employee and the general and specific remuneration environment.

7.2 The Remuneration Committee must comprise of:

- (a) at least 3 members; and
- (b) a majority of non-executive directors.

7.3 The Remuneration Committee will appoint its chairperson. The chairperson of the Remuneration Committee must be an independent non-executive director.

8. CHAIRPERSON OF THE BOARD

8.1 The chairperson of the board is appointed by the directors.

8.2 The responsibilities of the chairperson of the board include:

- (a) providing leadership to the board and the Company;
- (b) promoting the efficient organisation and conduct of the board's functions;
- (c) monitoring the performance of the board;
- (d) facilitating board discussions to ensure core issues facing the Company are addressed;
- (e) briefing all directors in relation to issues arising at board meetings;
- (f) facilitating the effective contribution and ongoing development of all directors;
- (g) promoting constructive and respectful relations between Board members and between the Board and management; and
- (h) chairing general meetings.

9. DIRECTORS

9.1 Directors are expected to:

- (a) attend and participate in board meetings and meetings of committees on which they serve;
- (b) spend the time needed, and meet as often as necessary, to properly discharge their responsibilities; and
- (c) review meeting materials before board meetings and meetings of committees on which they serve.

9.2 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.

9.3 Directors must exercise independent judgment when making decisions.

9.4 Publicly, directors are expected to support the letter and spirit of board decisions.

9.5 Directors must keep board information, discussions, deliberations, and decisions that are not publicly known, confidential.

9.6 Directors are expected to comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:

- (a) to act in good faith and in the best interests of the Company;
- (b) to act with care and diligence;
- (c) to act for proper purposes;
- (d) to avoid a conflict of interest or duty; and
- (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

10. CONFLICTS

10.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their legal and fiduciary obligations.

10.2 Directors must:

- (a) disclose to the board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
- (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
- (c) comply with the *Corporations Act 2001* (Cth) and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.

10.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the board is discussing any matter to which the conflict relates.

10.4 Directors are expected to inform the chairperson of the board of any proposed appointment to the board or executive of another public company as soon as practicable.

11. ACCESS TO INFORMATION AND INDEPENDENT ADVICE BY DIRECTORS

11.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

11.2 Directors have access to:

- (a) management to seek explanations and information from management; and
- (b) auditors, both internal and external, to seek explanations and information from them without management being present.

11.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

11.4 If the chairperson of the board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

12. RETIREMENT OF DIRECTORS

12.1 At the end of every annual general meeting, one-third of directors (to the nearest whole number) must retire.

12.2 A director must retire at the end of the third annual general meeting after the director's appointment even if it means that more than one-third of directors retire at an annual general meeting.

12.3 Those directors who have been longest in office since their last appointment must retire by rotation. Directors

appointed on the same day may agree among themselves or determine by lot who must retire.

- 12.4 The chief executive officer or a director appointed to fill a casual vacancy or as an addition to the board are not subject to retirement by rotation and are not taken into account when determining how many directors must retire by rotation. A director appointed to fill a casual vacancy or as an addition to the board must retire at the next annual general meeting after their appointment.

13. CODES OF CONDUCT

- 13.1 The Company has adopted a code of conduct setting out its legal and other obligations to all legitimate stakeholders including shareholders, employees, customers and the community, as well as required standards of behaviour for its directors and senior executives, for the benefit of all shareholders.

- 13.2 Each director, officer and employee will be given a copy of the code of conduct applicable to their position when joining the Company.

14. COMMUNICATION OF INFORMATION

- 14.1 The board will:

- (a) communicate effectively with shareholders;
- (b) give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and
- (c) make it easy for shareholders to participate in general meetings.

15. REVIEW OF BOARD PERFORMANCE

- 15.1 The Company has a Board of Directors and Senior Executives Evaluation Policy in place to ensure that the performance of the board, the directors and key executives will be reviewed regularly and consistently.