



# **AUSTRALIS OIL & GAS LIMITED**

ABN 34 609 262 937

## **CORPORATE GOVERNANCE STATEMENT**

**FOR THE PERIOD ENDED 31 DECEMBER 2016**

The Board of Australis Oil & Gas Limited (“**Australis**” or “**Company**”) monitors the operational and financial performance of the Company and oversees its business strategy, including approving the strategic goals of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and building the growth and success of the Company. In conducting business with these objectives, the Board aims to ensure that Australis is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Australis, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Australis’ business and which are designed to promote the responsible management and conduct of the Company. Australis reviews and amends its corporate governance policies as appropriate to reflect the growth of the Company, current legislation and good practice. The main charters, policies and procedures that form the basis of corporate governance practices at Australis and which are referred to in this Statement, can be found in the corporate governance section of Australis’s website, [www.australisoil.com](http://www.australisoil.com).

Where the Company’s corporate governance practices follow a recommendation during the financial period from listing on the ASX, being 21 July 2016 to 31 December, 2016 (“**Disclosure Period**”), the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company’s corporate governance practices depart from a recommendation during the Disclosure Period, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the “if not, why not” regime.

Below is a statement disclosing the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council. This statement covers the period 21 July 2016 to 31 December 2016, is current as at 27 March 2017 and has been approved by the Board.

ASX Corporate Governance Council Principle / Recommendation		Compliance by Australis
<b>1</b>	<b>Lay solid foundations for management and oversight</b>	
1.1	A listed entity should disclose:  i) the respective roles and responsibilities of Board and management; and ii) those matters expressly reserved to the Board and those delegated to Management.	Yes.  Set out in the Company’s Board Charter, clauses 1, 2.1, 3.1, 3.4 and 5, which is available on the Company’s website <a href="http://www.australisoil.com">www.australisoil.com</a> .
1.2	A listed entity should:  i) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and ii) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes.  The Company’s Remuneration and Nomination Committee Charter clauses 3.5(d) and 3.7(e), which is available on the Company’s website <a href="http://www.australisoil.com">www.australisoil.com</a> .  Steve Scudamore was the only Director appointed during the Disclosure Period. All appropriate checks were undertaken for the appointment of Steve Scudamore during the Disclosure Period.  In accordance with the ASX Listing Rule 14.4 and the Company’s constitution, security holder approval will be sought for Steve Scudamore’s election at the Company’s next annual general meeting and all material information relating to his appointment will be set out in the explanatory memorandum accompanying the notice of annual general meeting.

1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>Yes.</p> <p>As required by the Company’s Board Charter, clause 4.2 which is available on the Company’s website <a href="http://www.australisoil.com">www.australisoil.com</a>, each Director is provided with a formal letter of appointment to the Board setting out the key terms and conditions of their appointment.</p> <p>Senior Executives are employed under written contracts the key terms of which were disclosed in our listing prospectus issued on 29 June, 2016.</p>
1.4	The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board	<p>Yes.</p> <p>As required by Company’s Board Charter clause 3.6, which is available on the Company’s website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
1.5	<p>A listed entity should:</p> <p>a) Have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;</p> <p>b) Disclose that policy or a summary of it; and</p> <p>c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either:</p> <p>i) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>ii) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under the Act.</p>	<p>Recommendation 1.5(a and b) – Yes. The Board has adopted a diversity policy that sets out the purpose of the policy and the employee selection and appointment guidelines, which are consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice.</p> <p>The Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.</p> <p>Recommendation 1.5(c) – No. The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implemented requirements for a proportion of female candidates for employment and Board positions during the Disclosure Period. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company. The Board will consider the future implementation of gender based diversity measurable objectives when deemed appropriate given the size and nature of the Company’s operations.</p>

		<p>Recommendation 1.5(c,(i)) - The following is a summary of information regarding the proportion of gender diversity in the organisation which applied as at 31 December 2016.</p> <table border="1"> <thead> <tr> <th></th> <th>Proportion of Women</th> </tr> </thead> <tbody> <tr> <td>Whole Company</td> <td>6 out of 15 (40%)</td> </tr> <tr> <td>Senior Executives (Vice President and above)</td> <td>1 out of 5 (20%)</td> </tr> <tr> <td>Directors</td> <td>0 out of 5</td> </tr> </tbody> </table> <p>Recommendation 1.5(c,(ii)) -N/A</p> <p>The Diversity Policy is available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>		Proportion of Women	Whole Company	6 out of 15 (40%)	Senior Executives (Vice President and above)	1 out of 5 (20%)	Directors	0 out of 5
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1.6	<p>A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes.</p> <p>The Chair is responsible for evaluation of the Board, the Managing Director/CEO and, where deemed appropriate, Board committees and individual directors.</p> <p>The Board has not conducted a performance evaluation for the Disclosure Period.</p>								
1.7	<p>A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes.</p> <p>Senior Executives are subject to annual performance evaluations carried out by the Managing Director/CEO or the Chair (for the Managing Director/CEO). These performance evaluations were undertaken during the Disclosure Period. The assessments are reviewed by the Remuneration and Nomination Committee.</p> <p>Details on key management personnel remuneration are contained in the Remuneration Report section of the Company's 2016 Annual Report.</p>								
<b>2</b>	<b>Structure the Board to add value</b>									
2.1	<p>The Board of a listed entity should:</p> <p>a) Have a nomination committee which:</p> <ol style="list-style-type: none"> <li>has at least 3 members (majority independent);</li> <li>be chaired by an independent director, and disclose:</li> <li>the committee charter;</li> <li>the committee members;</li> <li>as at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance; or</li> </ol> <p>b) If it does not have a nomination committee disclose that fact and the processes it employs to address Board succession issues</p>	<p>Yes (for part of the Disclosure Period).</p> <p>The Remuneration and Nomination Committee Charter provides that the Remuneration and Nomination Committee (RNC) should comprise at least three members, a majority of whom should be independent Directors, and should be chaired by an independent Director.</p> <p>At the time of listing (21 July 2016), the RNC comprised two members, Alan Watson and Jon Stewart rather than three. Alan Watson, an independent Director, was appointed Chair of the RNC.</p>								

	<p>and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>On 30 November 2016, Steve Scudamore was appointed as an independent Non-Executive Director and was appointed a member of the RNC.</p> <p>From 30 November 2016, the RNC has comprised three members, Alan Watson (Chair of the RNC), Jon Stewart and Steve Scudamore. Alan Watson and Steve Scudamore are independent Directors and therefore the Company has complied with this recommendation from 30 November 2016.</p> <p>Details on the number of meetings held and each member's attendance throughout the 2016 year are set out in the Directors' Report contained in the Company's 2016 Annual Report, available on the ASX or Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p> <p>The Remuneration and Nomination Charter is available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>										
2.2	<p>A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>No (approved subsequent to the Disclosure Period). The Board considers it has an appropriate mix of skills and experience given its current size and immediate growth plans.</p> <p>During the Disclosure Period the Company did not have an approved skills matrix. Since 31 December 2016 a skills matrix has been adopted to assess each Directors' skills and experience against core competencies, and hence assess the combined capabilities of the Board.</p> <p>These competencies are set out below:</p> <table border="1" data-bbox="824 1136 1375 1877"> <thead> <tr> <th data-bbox="824 1136 1101 1167">Area</th> <th data-bbox="1101 1136 1375 1167">Competence</th> </tr> </thead> <tbody> <tr> <td data-bbox="824 1167 1101 1346">Executive leadership</td> <td data-bbox="1101 1167 1375 1346"> <ul style="list-style-type: none"> <li data-bbox="1114 1167 1375 1251">) Previous senior management positions</li> <li data-bbox="1114 1251 1375 1346">) Outside public company Directorships</li> </ul> </td> </tr> <tr> <td data-bbox="824 1346 1101 1612">Strategy</td> <td data-bbox="1101 1346 1375 1612"> <ul style="list-style-type: none"> <li data-bbox="1114 1346 1375 1430">) Previous experience in setting and delivering on strategy</li> <li data-bbox="1114 1430 1375 1545">) Ability to analyse information in order to make informed decisions</li> <li data-bbox="1114 1545 1375 1612">) Assess performance against strategy</li> </ul> </td> </tr> <tr> <td data-bbox="824 1612 1101 1791">Industry experience</td> <td data-bbox="1101 1612 1375 1791"> <ul style="list-style-type: none"> <li data-bbox="1114 1612 1375 1696">) Oil &amp; gas, engineering or science qualification</li> <li data-bbox="1114 1696 1375 1791">) Previous Director appointment in an oil &amp; gas company</li> </ul> </td> </tr> <tr> <td data-bbox="824 1791 1101 1877">Corporate finance</td> <td data-bbox="1101 1791 1375 1877"> <ul style="list-style-type: none"> <li data-bbox="1114 1791 1375 1877">) Experience in large scale project outlays and financing,</li> </ul> </td> </tr> </tbody> </table>	Area	Competence	Executive leadership	<ul style="list-style-type: none"> <li data-bbox="1114 1167 1375 1251">) Previous senior management positions</li> <li data-bbox="1114 1251 1375 1346">) Outside public company Directorships</li> </ul>	Strategy	<ul style="list-style-type: none"> <li data-bbox="1114 1346 1375 1430">) Previous experience in setting and delivering on strategy</li> <li data-bbox="1114 1430 1375 1545">) Ability to analyse information in order to make informed decisions</li> <li data-bbox="1114 1545 1375 1612">) Assess performance against strategy</li> </ul>	Industry experience	<ul style="list-style-type: none"> <li data-bbox="1114 1612 1375 1696">) Oil &amp; gas, engineering or science qualification</li> <li data-bbox="1114 1696 1375 1791">) Previous Director appointment in an oil &amp; gas company</li> </ul>	Corporate finance	<ul style="list-style-type: none"> <li data-bbox="1114 1791 1375 1877">) Experience in large scale project outlays and financing,</li> </ul>
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			experience in mergers and acquisitions
		Financial acumen	<ul style="list-style-type: none"> <li>) Financial literacy including senior management or equivalent experience in financial accounting, reporting, corporate finance or internal audit</li> <li>) Accounting or finance qualification</li> </ul>
		Remuneration and HR	<ul style="list-style-type: none"> <li>) Experience in relation to remuneration and retention management, including incentive programs</li> </ul>
		International experience	<ul style="list-style-type: none"> <li>) Experience with international assets, cultures, communities and business environments</li> </ul>
		Governance	<ul style="list-style-type: none"> <li>) Membership of governance organisation</li> <li>) Previous experience in governance of organisations</li> </ul>
		Risk Management	<ul style="list-style-type: none"> <li>) Experience in applying and overseeing broad based risk management frameworks in various country, regulatory or business environments</li> </ul>
		HSE and CSR	<ul style="list-style-type: none"> <li>) Experience in workplace and worksite HSE and environmental and social responsibility</li> </ul>
		<p>The Board considers that current Board skills and expertise are adequate for the current size and stage of development of the Company.</p> <p>Whilst it does have considerable experience, the Board will consider the skill, knowledge, experience and</p>	

		<p>independence of the Company's Directors in response to any actual or proposed changes in the Company's activities or operations including the need to appoint a US based Director with oil and gas experience when appropriate.</p> <p>Information on the Directors of the Company, including their length of service are set out in the Directors' Report of the Company's 2016 Annual Report, available on the ASX or the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p> <p>The Company's Remuneration and Nomination Committee Charter, clause 3.5(b), is available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>a) The names of the Directors considered by the Board to be independent Directors</li> <li>b) If a Director has an interest, position, association or relationship of the type described in the independence guidelines but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the relationship and an explanation of why the Board is of that opinion</li> <li>c) The length of service of each Director</li> </ul>	<p>Yes.</p> <p>Recommendation 2.3(a) - The Board considers an Independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Australis and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. The Board will consider whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of Australis and its security holders generally. The Board considers that Alan Watson and Steve Scudamore are free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of their judgement and that they are able to fulfil the role of Independent Director. Jon Stewart, Chairman of the Board, is not currently considered to be Independent as he holds a relevant interest of 17.43% of the shares in the Company. Ian Lusted and Graham Dowland hold the positions of Managing Director/CEO and CFO respectively and therefore do not meet the definition of Independent Director due to their executive appointments. The Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors.</p>

		<p>Recommendation 2.3(b) -N/A</p> <p>Recommendation 2.3(c) - Information on the Directors of the Company, including their length of service are set out in the Directors' Report of the Company's 2016 Annual Report, available on the ASX or the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
2.4	A majority of the Board of a listed entity should be independent Directors.	<p>No.</p> <p>The Board currently comprises Jon Stewart (Non-Executive Chair) who is not considered independent, Ian Lusted and Graham Dowland (Executive Directors) who are not considered independent, Alan Watson and Steve Scudamore (independent Non-Executive Directors).</p> <p>The Board does not consist of a majority of independent Directors. The Board acknowledges the ASX Corporate Governance Council's recommendation that a majority of the Board should be independent Directors.</p> <p>The Board believes that the non-Executive Chair Mr Stewart has significant board, public company, oil and gas industry and financial experience and this results in a sound understanding of the business of the Company which enable Mr Stewart to provide knowledgeable yet unfettered judgement to the Board's deliberations. The Board will consider in due course the appointment of additional independent Director(s) with growth in the size and/or complexity of its business such that it will be comprised of a majority of independent Directors in the future and this has been reflected in clause 4.3 of the Board Charter, available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
2.5	The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	<p>No.</p> <p>The chair of the Board (Jon Stewart) is not an independent Director but is not the CEO, a position that is held by Ian Lusted.</p> <p>The Board believes that Jon Stewart has extensive experience as a board chair as well as oil and gas industry experience and that these skills enhance the function of the Board. The Board believes that Mr Stewart will bring an unfettered judgement to his role as chair of the Board.</p>
2.6	A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.	<p>Yes.</p> <p>The Company's Board Charter clause 3.5, available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p> <p>The Company provides new Directors with access to professional development if required and it provides an appointment letter and induction pack which describes</p>



		<p>the expectations and responsibilities that will come with the role.</p> <p>The Board regularly reviews whether the Directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the Board considers what training or development should be undertaken to fill those gaps.</p>
<b>3</b>	<b>Act ethically and responsibly</b>	
3.1	<p>A listed entity should:</p> <p>a) have a code of conduct for its Directors, Senior Executives and employees, and</p> <p>b) disclose that code or a summary of it.</p>	<p>Yes.</p> <p>The Company's Code of Conduct addresses these practices and issues and is available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
<b>4</b>	<b>Safeguard integrity in corporate reporting</b>	
4.1	<p>The Board of a listed entity should:</p> <p>a) Have an audit committee which:</p> <p>i) has at least 3 members (all of whom are non-Executive Directors and a majority independent);</p> <p>ii) be chaired by an independent Director who is not Chair of the Board,</p> <p>and disclose:</p> <p>i) the committee charter,</p> <p>ii) the relevant qualifications and experience of the members of the committee,</p> <p>iii) at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</p> <p>b) If it does not have an audit committee disclose that fact and the processes it employs that independent verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Yes (for part of the Disclosure Period).</p> <p>At the time of listing (21 July 2016), the Audit &amp; Risk Management Committee (ARMC) comprised two members, Jon Stewart and Alan Watson rather than three. Jon Stewart was Chair of ARMC and, although a Non-Executive Director, is not independent.</p> <p>On 30 November 2016, Steve Scudamore was appointed an independent Non-Executive Director and was appointed Chair of the ARMC.</p> <p>From 30 November 2016, the ARMC comprised three members, Steve Scudamore (Chair), Jon Stewart and Alan Watson. Alan Watson and Steve Scudamore are Independent Directors. The ARMC now comprises a majority of independent Directors and is chaired by an independent Director.</p> <p>The Audit and Risk Management Committee Charter is available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p> <p>Details on the number of meetings held and each member's attendance throughout the 2016 year are set out in the Directors' Report contained in the Company's 2016 Annual Report, available on the ASX or Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p> <p>The relevant qualifications and experience of each member are outlined in the Directors' Report contained in the Company's 2016 Annual Report available on the ASX and the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>

4.2	<p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Yes.</p> <p>Prior to Board approval of the Company's full year financial report to 31/12/16, the Managing Director/CEO and CFO provided the Board with the declarations required under section 295A of the Corporations Act 2001 (Cth) ("Corporations Act"). This occurred subsequent to the Disclosure Period.</p> <p>The declarations state that, in their opinion, the financial records of Company had been properly maintained and that the financial statements were compiled with the appropriate accounting standards and gave a true and fair view of the financial position and performance of the Company and that those opinions had been formed on the basis of a sound system of risk management and internal control which was operating effectively.</p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>Yes.</p> <p>Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, or be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. The Company has informed the Company's auditor of the date of the Company's annual general meeting.</p> <p>In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair will allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.</p>

<b>5</b>	<b>Make timely and balanced disclosure</b>	
5.1	<p>A listed entity should:</p> <p>a) Have a written policy for complying with its continuous disclosure obligations and the listing rules, and</p> <p>b) Disclose that policy or a summary of it.</p>	<p>Yes.</p> <p>The Company's written policies and procedures for compliance with the ASX Listing Rule disclosure requirements are included in the Company's Continuous Disclosure Policy which is available on the Company website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
<b>6</b>	<b>Respect the rights of security holders</b>	
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Yes.</p> <p>The Company provides information about itself and its governance including copies of the Board Charter, key governance charters, policies and other documents to investors on its website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Yes.</p> <p>The Company has adopted a Shareholder Communication Policy which is available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p> <p>The Managing Director and Executives engage in informal meetings and telephone calls with a range of investors on a regular basis.</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>Yes.</p> <p>The Board supports practices that provide effective and clear communications with security holders and allow security holder participation at general meetings.</p> <p>Shareholders are able to communicate with the Managing Director and Company Secretary via the Company email address at <a href="mailto:contact@australisoil.com">contact@australisoil.com</a>.</p> <p>The Company has adopted a Shareholder Communications Policy which is available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Yes.</p> <p>The Shareholder Communications Policy on the Company's website encourages the use of electronic communications.</p> <p>Australis shareholders have the option to receive company information electronically by registering their email address online with the Registry. The website provides shareholders and others the opportunity to receive additional information such as press releases and other materials electronically.</p>

7	Recognise and manage risk	
7.1	<p>The Board of a listed entity should:</p> <p>a) Have a committee, or committees, to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>i) has at least 3 members (majority independent),</li> <li>ii) be chaired by an independent Director, and disclose: <ul style="list-style-type: none"> <li>i) the committee charter,</li> <li>ii) disclose the committee members, and</li> <li>iii) disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> </ul> </li> </ul> <p>b) If it does not have a risk committee, or committees that satisfy the above requirements, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Yes (for part of the Disclosure Period).</p> <p>At the time of listing (21 July 2016), the Audit and Risk Management Committee (ARMC) comprised two members, Jon Stewart and Alan Watson rather than three. Jon Stewart a Non-Executive Director, but not independent, was initially Chair.</p> <p>On 30 November 2016, Steve Scudamore was appointed an independent Non-Executive Director and was appointed Chair of the ARMC.</p> <p>From 30 November 2016, the ARMC comprises three members, Steve Scudamore (Chair), Jon Stewart and Alan Watson. Alan Watson and Steve Scudamore are Independent Directors. The ARMC now comprises a majority of Independent Directors and has an independent Chair.</p> <p>Day to day risk management is delegated to the Managing Director/CEO, who is supported in monitoring and managing risks by the Board and the Company Secretary.</p> <p>Details on the number of meetings held and each member's attendance throughout the 2016 year are set out in the Directors' Report contained in the Company's 2016 Annual Report, available on the ASX or Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p> <p>The relevant qualifications and experience of each member are outlined in the Directors' Report contained in the Company's 2016 Annual Report available on the ASX and the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p> <p>The Audit and Risk Management Committee Charter is available on the Company's website.</p>
7.2	<p>The Board, or committee, of the Board should:</p> <p>a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and</p> <p>b) Disclose in relation to each reporting period whether such a review has taken place</p>	<p>Yes.</p> <p>The Board retains overall responsibility for reviewing, ratifying and monitoring systems of risk management and internal control and legal compliance and for satisfying itself that management has developed and implemented a sound system of risk management and internal control.</p> <p>Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director/CEO, with the assistance of senior management, as required.</p> <p>The Managing Director/CEO is required to report on the progress of, and on all matters associated with, risk management to the ARMC at least twice a year. The Managing Director/CEO is to report to the ARMC and the Board as to the effectiveness of the Company's</p>

		<p>management of its material business risks, at least annually.</p> <p>The Board conducted a review of the Company's risk management framework in the Disclosure Period.</p> <p>The Company has adopted a Risk Management Policy which is available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
7.3	<p>A listed entity should disclose:</p> <p>a) If it has an internal audit function, how the function is structured and what role it performs, or</p> <p>b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</p>	<p>No</p> <p>The Company does not have an internal audit function.</p> <p>The Board oversees risk management through the ARMC and intends on moving to establish an appropriate strategy and framework.</p> <p>The processes adopted to date have been appropriate for the Company's size.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure and social sustainability risks, and if it does, how it manages or intends to manage those risks.</p>	<p>Yes.</p> <p>The key risk factors affecting the Company and how the Company intends to manage those risks is set out in the Company's 2016 Annual Report, available on the ASX and Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>
<b>8</b>	<b>Remunerate fairly and responsibly</b>	
8.1	<p>The Board of a listed entity should:</p> <p>a) Have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>i) has at least 3 members (majority independent),</li> <li>ii) be chaired by an independent Director, and disclose: <ol style="list-style-type: none"> <li>i) the committee charter,</li> <li>ii) disclose the committee members, and</li> <li>iii) disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> </ol> </li> </ol> <p>b) If it does not have a remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior Executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Yes (for part of the Disclosure Period)</p> <p>The Remuneration and Nomination Charter provides that the Remuneration and Nomination Committee (RNC) should comprise at least three members, a majority of whom should be Independent Directors, and should be chaired by an Independent Director.</p> <p>At the time of listing (21 July 2016), the RNC comprised two members, Alan Watson and Jon Stewart rather than three. Alan Watson was Chair and is an Independent Director.</p> <p>On 30 November 2016, Steve Scudamore was appointed an Independent Non-Executive Director and was appointed a member of the RNC.</p> <p>From 30 November 2016, the RNC comprises three members, Alan Watson (Chair), Jon Stewart and Steve Scudamore. Alan Watson and Steve Scudamore are Independent Directors. The RNC now has a majority of independent members and an independent chair.</p> <p>Details on the number of meetings held and each member's attendance throughout the 2016 year are set out in the Directors' Report contained in the Company's 2016 Annual Report, available on the ASX or Company's website <a href="http://www.australisoil.com">www.australisoil.com</a>.</p>

		The Remuneration and Nomination Charter is available on the Company's website <a href="http://www.australisoil.com">www.australisoil.com</a> .
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-Executive Directors and the remuneration of Executive Directors and other Senior Executives	Yes.  The structure of Non- Executive Directors' remuneration is clearly distinguished from that of Executive Directors and Senior Executives as set out in the Remuneration Report, which forms part of the Company's 2016 Annual Report.
8.3	A listed entity which has an equity based remuneration scheme should:  a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk and participation in the scheme, and b) Disclose that policy or a summary of it	Yes.  The Company has adopted an equity based remuneration scheme.  The Company's Policy on Trading in Company Securities which is available on the Company website specifically prohibits Directors, Senior Executives and employees of the Company from entering into arrangements for the purpose of limiting the economic risk of any Company securities which they hold.