

Corporate Governance Statement

30 March 2020

APPROACH TO GOVERNANCE

Tap Oil Limited (**Tap**) is committed to conducting business in accordance with the highest standards of corporate governance. The Board considers that good corporate governance is important to the creation of shareholder value and also assists in delivering against stakeholder expectations.

This Corporate Governance Statement has been approved by the Tap Board and summarises the corporate governance practices and procedures that were in place throughout the financial year commencing 1 January 2019, reported against the 3rd Edition of the ASX Corporate Governance Principles. In addition, Tap is already compliant with the new principles and recommendations contained in the 4th Edition of the ASX Corporate Governance Principles, effective 1 January 2020, and will report against this edition in its FY2020 Corporate Governance Statement.

In addition to the information contained in this statement, the Company's website (www.tapoil.com.au) contains a dedicated corporate governance section which includes copies of the key corporate governance policies adopted by the Company.

This Corporate Governance Statement was approved by the Board and is current as at 30 March 2020.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 Role of Board and Management

The Constitution provides that the business of the Company is to be managed by or under the direction of the Board. The roles and responsibilities of the Board are formalised in the Board Charter. The Board considers that its prime responsibility is to oversee the business activities and management of Tap and its subsidiaries (the **Group**) for the benefit of shareholders. An extract from the Board Charter in place for the 2019 financial year and listing the Board's responsibilities is set out below:

RESPONSIBILITIES OF THE BOARD OF TAP OIL LIMITED

The key responsibilities of the Board of Tap are to:

- contribute to and approve strategy and performance objectives developed by management;
- contribute to the ideas for the growth of the Group;
- guide and monitor the businesses of the companies within the Group;
- establish corporate governance standards;
- ensure appropriate policies, procedures and systems are in place to:
 - (i) monitor performance and reporting; and
 - (ii) manage risk and internal control;
- monitor and oversee the work of the boards of subsidiaries of Tap, including monitoring the implementation by subsidiary boards of the policies and decisions of the Board;
- approve and monitor budgets, major investments and projects;
- facilitate the appointment of additional Directors (who shall stand for election at the next annual general meeting (**AGM**) of shareholders) and approve succession plans;
- review and monitor the composition of the Board and succession plans to ensure there is an appropriate mix of skills, expertise and experience;

- assess the performance of the Board as a whole and the contributions of individual Directors;
- appoint the Managing Director (or equivalent) and approve succession plans and remuneration of senior management;
- ensure compliance with applicable laws and regulations;
- establish ethical, environmental and health and safety standards for the Group's operations and people; and
- establish appropriate committees to assist the Board in the discharge of its responsibilities and oversee such committees.

Responsibility for management of the Group's business activities is delegated to the Managing Director (or equivalent), who is accountable to the Board. As at the date of this statement, management of the Group's business activities is delegated to the Executive Chairman, Mr Chris Newton. This responsibility and authority is subject to a delegation of authority. Matters beyond the scope of the delegation of authority require Board approval. An extract from the Board Charter in place for the 2019 financial year, listing management's responsibilities is set out below.

The Directors of the Company may seek independent professional advice at the expense of the Company when the advice is necessary for them to discharge their responsibilities as Directors. This is subject to prior written consent of the Chair (which is not to be unreasonably withheld).

RESPONSIBILITIES OF MANAGEMENT

The key responsibilities of management are to:

- contribute ideas for the growth and strategy of the Group;
- assume and exercise the powers and perform the duties from time to time vested in management by the Board;
- implement the decisions and strategies as determined by the Board;
- manage the day to day activities of the Group;
- develop corporate strategy, performance objectives, budgets, financial plans and proposals for major projects for consideration and approval by the Board;
- manage the financial and investment decisions of the Group;
- lead negotiations in relation to material transactions;
- manage staff recruitment, deployment and dismissals;
- manage investor relations and represent the Company in the community and with the government; and
- protect the assets of the Group.

The Company's Board Charter was updated on 1 January 2020. A copy of the current Board Charter is available in the Corporate Governance Section of the Company's website.

Recommendation 1.2 Director Checks

The Company has in place a policy that it will endeavour to perform background checks on all potential Directors. These may include a check on a person's character, experience, education, criminal record and bankruptcy history. Potential Directors are required to provide their consent for the Company to conduct any background or other checks and also acknowledge that they will have sufficient time available to fulfil their responsibilities as a Director of the Company.

Details pertaining to the skills, qualifications and experience of each Director are displayed on the Company's website and on pages 14 - 15 of the Directors' Report contained within the Company's 2019 Annual Report.

Newly appointed Directors must stand for election at the next AGM of the Company. The Notice of Meeting for the AGM provides Shareholders with information about each Director standing for election or re-election

including details regarding the length of their tenure, relevant skill and experience. Mr Baba will stand for election at the Company's 2020 AGM.

Recommendation 1.3 Written Agreement with each Director and Senior Executive

All Directors are engaged by the Company under letters of appointment and senior management are engaged under executive service contracts. These address the roles and responsibilities of the individual.

Details of the letters of appointment and executive service contracts for senior management are provided in the Remuneration Report within the Annual Report.

Recommendation 1.4 Company Secretary

The appointment and removal of a Company Secretary is a matter for decision by the Board. The Company Secretary is accountable directly to the Board (through the Chairman) on all matters to do with the proper functioning of the Board. This arrangement is formalised in the Company Secretary's services contract.

Recommendation 1.5 Diversity Policy

The Company has adopted a Diversity Policy, a copy of which is available on the Company's website, which aims to develop a diverse and flexible workforce that possesses the required expertise and competence to achieve the Company's strategic objectives. This involves recognising and valuing the unique contribution people can make because of their individual backgrounds, different skills, experiences and perspectives. Diversity may result from a range of factors including gender, ethnicity, religion, culture, language, sexual orientation, disability and age.

The Diversity Policy includes a requirement for the Board to set measurable diversity objectives and monitor the Company's progress in achieving them. However given the Company's current size, the Board has opted not to set specific measurable objectives. Whilst the Board of the Company endorses the concept of gender diversity, unless the Company's size has grown to a point where fully implementing specific measurable objectives will become more meaningful, the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

The following table shows the number of women across the organisation as at the date of this statement.

	Total	No. of Men	% Men	No. of Women	% Women
Board¹	5	5	100%	0	0%
Management²	0	0	100%	0	0%
Employees³	10	4	40%	6	60%

1 Including Executive Chairman

2 Management is defined as those employees who are key management personnel but not Board members

3 Includes contractors. Excludes Executive Chairman and Management (not an FTE basis)

Recommendation 1.6 Board Performance Assessment

Improvement in Board processes and effectiveness is a continuing objective and the primary purpose of Board evaluation is to identify ways to improve performance.

The Board is responsible for developing a process for evaluating the performance of the Board as a whole. The evaluation is carried out internally and involves applying best practice criteria to the Board's responsibilities. The evaluation also takes into consideration benchmarking of progress towards goals set

out in Tap's business plan and regular assessment of results compared with budgets and forecasts. Evaluations also consider the effectiveness of Board member interaction and the contributions made by individual Directors.

The Board conducted a performance evaluation of the Board and Directors during the 2019 financial year.

Recommendation 1.7 Performance Evaluation of Senior Management

The process for evaluating the performance of senior management (including the Managing Director (or equivalent)) is summarised in the Remuneration Report commencing on page 27 of the Directors' Report contained in the 2019 Annual Report. Annual performance reviews for the 2019 financial year were undertaken in accordance with the process described in the Directors' Report. In late 2019, while setting the FY2019 Budget, the Board agreed KPI's for senior management linked to business objectives and shareholder value.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Directors who held office during and since the financial year and the term of their appointment at the date of this Corporate Governance Statement are:

Name	Position	Date of Appointment
Christopher Newton	Non-Executive Director	31 January 2018, ceased 25 May 2018, re-appointed 27 August 2018.
Govert van Ek	Non-Executive Director	31 January 2018; resigned 23 October 2019
Kamarudin Baba	Non-Executive Director	6 February 2018
Zane Lewis	Non-Executive Director	25 September 2018
David King	Non-Executive Director	18 October 2018

The Board has the ability under the Company's Constitution to delegate its powers and responsibilities to committees of the Board. During the year, the Board operated the following committee to assist in the discharge of its responsibilities:

- Reserves Committee

Further details of membership and meetings of this Committee are set out in the 2019 Annual Report.

On 5 December 2019, due to the reduced size of the Board, the Board resolved to cease operation of the Reserves Committee and that the responsibilities of this Committees be discharged by the full Board, in accordance with the Reserves Committee charter. The Board considered this would enhance overall efficiency and effectiveness of the Board.

Recommendation 2.2 Board Skills Matrix

The Company has in place a process to assist in identifying areas of focus and maintaining an appropriate and diverse mix in its membership by utilising a Board Skills Matrix. The Board Skills Matrix is reviewed by the Board annually, or when considering new Director appointments.

The Board Skills Matrix sets out the mix of skills, experience and expertise that the Board currently has and is looking to achieve for Board membership. As well as general skills expected for Board membership, the matrix includes skills or professional qualifications in areas such as law, risk and compliance, finance/accounting, resource industry experience, South East Asia experience, business development skills, debt and capital markets. Other than finance/accounting, each of these areas is currently represented by the Board collectively. The Board benefits from a combination of the Directors' individual skills, experience and expertise in particular areas, as well as the varying perspectives and insights that arise from the interaction of Directors with diverse backgrounds.

Given the current size and circumstances of the Company, the Board is of the view that the current Directors possess an appropriate mix of skills, experience, expertise and knowledge to enable the Board to discharge its responsibilities, deliver the Company's corporate objectives and direct the Company in accordance with high standards of corporate governance.

Recommendation 2.3 Independent Directors

An independent director is defined in the Recommendations as a Director that is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

The following Directors are considered independent:

- Mr Zane Lewis, Non-Executive Director (appointed 25 September 2018)
- Dr David King, Non-Executive Director (appointed 18 October 2018)

Mr Chris Newton is not considered an independent Director because of his executive position.

Mr Kamarudin Baba is not considered an independent Director because of his position as an executive of Northern Gulf Petroleum Holdings Limited, a major shareholder of the Company.

Recommendation 2.4 A majority of the Board should be Independent Directors

The Board currently comprises a total of 4 Directors, 2 of which are considered to be independent Directors. Despite the fact that a majority of the Board is not considered independent, the Directors believe that the Board as currently comprised is able to and does bring impartial judgement to all relevant issues.

Details of the skills, length of tenure, experience and expertise relevant to the position held by each Director is set out in the Directors' Report within the Annual Report and also available on the Company's website.

Recommendation 2.5 The Chairman should be an Independent Director

The Company did not comply with Recommendation 2.5 during the 2019 financial year. Mr Newton had held the position Executive Chairman from 15 October 2018 to present. As noted above, Mr Newton is not considered independent due to his executive position. The Board believes it is best positioned to determine appropriate Board leadership and whilst Mr Newton's status is not in accordance with the Recommendations, the Board believes the appointment is appropriate given the size and current circumstances of the Company and Mr Newton's most relevant skills and experience. The Board will continue to review its leadership and governance structures in accordance with its policies.

Recommendation 2.6 Company Induction and Professional Development of Directors

The Company has a program for the induction of new Directors. This induction covers all aspects of the Company's operations so as to ensure that new Directors are able to fulfil their responsibilities and contribute effectively to Board decisions.

The Company provides appropriate resources for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors, including briefing Directors on any new developments that may impact the Company.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1 Code of Conduct

In pursuit of the highest ethical standards, the Company has adopted a Code of Conduct. The Code of Conduct establishes the standards of behaviour required of Directors and employees in the conduct of the Company's affairs.

The Code of Conduct is based on the following principles:

- respect for the law and acting accordingly;
- maintaining stringent financial controls;
- avoiding conflicts of interest;
- protecting the best interests of shareholders;
- using Tap's assets responsibly and in the best interests of Tap;
- acting with integrity, being fair and honest in dealings and treating other people with dignity; and
- being responsible for actions and accountable for the consequences.

Directors and employees have a responsibility to report any suspected non-compliance with the Code of Conduct.

Tap is committed to conducting its business fairly, honourably, with integrity and in compliance with the law in all jurisdictions where it operates, including all applicable anti-corruption and bribery laws. The Company has adopted an Anti-bribery and Corruption Policy, which prohibits Tap Directors, officers and employees from engaging in activity that constitutes bribery or corruption. The policy also sets out processes to reduce the risk of violations of the policy when dealing with third parties who are engaged to act for or on behalf of Tap. The policy is available for review on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1 Audit and Risk Committee

The Company has an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee with at least three members, all of whom must be non-executive Directors, and majority of the Committee must be independent Directors. The Committee must be chaired by an independent Director who is not the Chair.

The Company does not currently have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter.

Recommendation 4.2 Declarations from the CEO and CFO

The Chief Executive Officer and the Chief Financial Officer (or equivalents) are required to make a declaration in accordance with section 295A of the Corporations Act that, in their opinion, the financial records of the Company have been properly maintained and that the Company's financial reports comply with the appropriate accounting standards and present a true and fair view of the Company's financial position and performance. Recommendation 4.2 extends this requirement such that it applies to financial statements for any financial period and that the Chief Executive Officer and the Chief Financial Officer (or equivalents) must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating effectively in all material respects.

The CEO equivalent and the CFO gave the above declarations to the Board before it adopted the Company's 2019 half year and full year Financial Statements.

The CEO and the CFO have also stated in writing to the Board that their opinion is founded on a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3 External Auditors

The Board ensures that a representative of the external auditor of the Company attends the AGM to allow shareholders to ask the external auditor any questions about 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.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 Continuous Disclosure Policy

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. In accordance with the continuous disclosure requirements under the ASX Listing Rules, the Company maintains a Continuous Disclosure Policy (a copy of which is available on the Company's website). The Continuous Disclosure Policy ensures that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner and that all information provided to the ASX is immediately available to shareholders and the market on the Company's website.

Analyst and Shareholder briefings may be conducted following the release of half-year results, full-year results and major announcements and, from time to time, briefings with major shareholders are conducted in order to promote a better understanding of the Company. In conducting briefings, the Company takes care to ensure that any price sensitive information included in the content of briefings has already been made available to all shareholders and the market.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1 Information on Website

The Company provides information about itself and its governance to investors via its website and has a "Corporate Governance" landing page where all relevant corporate governance information can be accessed.

The Company's Constitution, Committee Charters and relevant Corporate Governance Policies are listed on the Corporate Governance landing page on the website.

The Company website also includes copies of its annual reports and financial statements, copies of its ASX announcements, copies of Notice of Meetings as well as an overview of the Company's business activities in appropriate areas of the website.

Recommendation 6.2 Investor Relations Program

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company.

The Company has an established investor relations program, designed to facilitate effective communication between the Company and investors. The Company actively engages with shareholders, meeting them on request and responding to any enquires that they make from time to time. In addition, there are ad hoc interactions with shareholders and stakeholders (i.e. sell-side and buy-side analysts and statutory authorities) on a frequent basis.

The Company's investor relations program works in tandem with our obligations under the Continuous Disclosure Policy which is described in detail above and a copy of which is available on the Company's website.

Recommendation 6.3 Participation at Meetings of Shareholders

The Company has policies and procedures in place which enable shareholders to receive the reports and participate in shareholder meetings by attendance or by written communication. Shareholders can make an election to receive a copy of the Company's Annual Report by mail; otherwise the Annual Report is made available on the Company's website. If Shareholders are unable to attend the AGM, they can lodge a Proxy Form to appoint a proxy to vote on their behalf.

Shareholders are encouraged at AGMs to ask questions of Directors, senior management as well as the Company's external auditors (who are required to be in attendance). Shareholders are also given the opportunity to provide questions or comments ahead of the AGM, with a response being provided at the AGM where appropriate.

Recommendation 6.4 Electronic Communication

The Company has the capability to communicate with shareholders electronically through its website, email communications and share registry. Electronic contact details are provided on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1 Risk Committee

The Company has an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee with at least three members, all of whom must be non-executive Directors, and majority of the Committee must be independent Directors. The Committee must be chaired by an independent Director who is not the Chair.

The Company does not currently have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter.

Recommendation 7.2 Annual Risk Review

The Risk Management Policy requires management to design and implement risk management processes and systems to identify and manage material business risks and report to the Board on whether those risks are being managed effectively.

The Board maintains policies and practices designed to identify and manage significant business risks, including:

- regular budgeting and financial reporting;
- procedures/controls to manage financial exposures and operational risks;
- procedures/controls to manage environmental and occupational health and safety matters;
- the Company's business plan;
- corporate strategy guidelines and procedures to review and approve the Company's strategic plans;
- reviewing oil price and currency hedging strategies and policy;
- insurance and risk management programs which are reviewed by the Board;
- prudential limitations procedures, which include Board approval for commitments or expenditures exceeding prescribed amounts; and
- Board approval to open bank accounts or incorporate any subsidiary.

The Board is regularly briefed and involved in discussions in relation to many of the material business risks facing the Company.

The risk management framework is reviewed at least annually by the Board and was reviewed during the year ended 31 December 2019.

Recommendation 7.3 Internal Audit

The Company does not have a formal internal audit function. The Board monitors the need for an internal audit function having regard to the size, geographic location and complexity of the Company's operations.

The Company's management periodically undertakes an internal review of financial systems and processes. The Board also considers reviews of specific areas and monitors the implementation of system improvements.

Recommendation 7.4 Sustainability Risks

In order to mitigate any material exposure to economic, environmental and social sustainability risks, the Board has oversight of risk management and meet regularly to review and assess risks.

The Company has an established suite of corporate governance charters and policies in place which apply to the Board and business practice. Copies of these charters and policies including a code of conduct are available on the Company's website. In addition to corporate governance policies, Tap has in place specific policies and procedures to prevent bribery and corruption and manage the giving and receiving of gifts and entertainment.

During 2019, the Company identified and addressed the following as material risks relating to economic, environmental and social sustainability:

- The volatility in oil prices can have an adverse effect on the Company. To mitigate oil price risk, the Company actively monitors oil price movements to ensure that it is managed within risk tolerance. During 2019 the Company executed an oil hedging programme to provide revenue certainty during 2019.
- Volatility and uncertainty in capital and debt markets can have a significant impact on the ability of the Company to fund its activities. The Company monitors and reviews cash flow forecasts on a regular basis, undertakes scenario analysis and hedging programs.
- The majority of the Company's assets are held in joint venture with third parties where the joint venture is operated by the Company's joint venture partner. For example, Mubadala Petroleum is the operator of the Manora Oil Field and G1/48 concession in the northern Gulf of Thailand. The Company has established processes in place for the review of work programs and budgets (including internal technical and commercial review by the Company). The Company endeavours to develop and maintain good working relationships with its joint venture partners and carefully considers any new partners. Management regularly monitors the performance of joint venture parties.
- The Company regularly monitors the operations of the Manora Oil Field and the G1/48 concession in the northern Gulf of Thailand to mitigate operational and liability risks under the existing contractual and regulatory framework, given that it is not the operator and is not managing the day to day operations. This includes internally reviewing progress reports received from the Operator on operational matters (including drilling, production, Health, Safety, Security and the Environment). In addition, the Environmental Impact Assessment (EIA) for the Manora Oil Development contains proposed mitigation measures and a monitoring program of environmental, social and health impacts. The Operator also has in place active Environmental Management Plans and oil spill contingency plans.

- The Company is committed to maintaining a high standard of health, safety and environmental management and reporting as well as conducting its business in a manner that prevents injury or illness to employees, contractors and the community. The Company has policies, processes and procedures in place to mitigate such risk.
- The Company's projects in the northern Gulf of Thailand are subject to the risks associated with operating in foreign countries such as economic, social or political instability or change. The Company monitors these ongoing risks, and government and community relations in Thailand.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Company has a Nominations and Remuneration Committee Charter that provides for the creation of a Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are to be independent Directors, and which must be chaired by an independent Director.

The Company does not have a Nominations and Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Committee under the Nomination and Remuneration Committee Charter including setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Recommendation 8.2 Disclosure of Remuneration Policies and Practices

The Board seeks to ensure that proper controls apply in the remuneration of Directors, management and employees. In doing so, the Board reviews and approves remuneration for Directors, management and employees and reviews and approved remuneration policies and practices, company incentive schemes and superannuation arrangements. The Board considers independent advice, where circumstances require, on the appropriateness of remuneration to ensure the Company attracts, motivates and retains high quality people.

The ASX Listing Rules and the Company's Constitution require that the maximum aggregate amount of remuneration to be allocated among the Non-Executive Directors be approved by the shareholders in the general meeting. The current maximum aggregate amount of remuneration to be allocated among the Non-Executive Directors is \$500,000, as approved by shareholders on 30 April 2010. In proposing the maximum amount for consideration by shareholders, and in determining allocation, the Board takes account of the time demands made on Directors and such factors as fees paid to Non-Executive Directors in comparable Australian companies.

Details of the remuneration policies and framework of the Company and the remuneration paid to Directors (Executive and Non-Executive) and management are set out in the Remuneration Report commencing on page 27 of the Directors' Report contained in the Company's 2019 Annual Report. Shareholders will be invited to consider and approve the Remuneration Report at the 2020 AGM.

Recommendation 8.3 Policy on Equity Based Remuneration Scheme

The Company has a Dealing in Securities Policy which applies to all Directors, employees, contractors and consultants of Tap. This policy provides a brief summary of the law on insider trading and other relevant laws and establishes a best practice procedure relating to dealing in securities that provides protection to both Tap and its personnel against the misuse of unpublished information which could materially affect the value of Tap securities.

In accordance with the Corporations Act, Tap personnel are prohibited from hedging Tap securities prior to the vesting of those securities or while those securities are subject to a holding lock or restriction on dealing under the terms of an employee incentive plan operated by the Company. This prohibition is contained in the Dealing in Securities Policy, a copy of which is available on the Company's website.