



CENTRAL PETROLEUM LIMITED

BOARD CHARTER

1. Introduction

The Board of Directors (**Board**) of Central Petroleum Limited (**Company**) has adopted this Board Charter to outline the manner in which its powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws.

2. Role and Responsibilities

The Board guides and monitors the business and affairs of the Company on behalf of its shareholders, by whom the Directors are elected and to whom they are accountable.

The Board's primary role is the protection and enhancement of long-term shareholder value. The Board is responsible for the overall corporate governance of the Company, including engaging with management in the development of strategic and business plans, preparation of annual budgets, establishment of goals for management and monitoring the achievement of those goals on a regular basis.

The Board's responsibilities include:

- consider and approve the strategy, purpose and core values of the Company;
- select and appoint (and if appropriate remove from office) the Chief Executive Officer (**CEO**) and review his/her performance including overseeing the remuneration, development and succession planning for the CEO;
- delegate to the CEO all powers to manage the day-to-day operations of the Company, subject to those powers reserved to the Board in this section 2 and any specific delegations of authority approved by the Board;
- approve the appointment (and, if appropriate, removal from office) of the Company Secretary;
- assess its own performance and that of its Committees and individual Directors;
- assess, select and appoint new Directors who will come before shareholders for election at the next Annual General Meeting;
- adopt an annual budget and monitor financial performance including approving the annual and half year financial statements and reports;
- oversee the Company's financial position, including the quantum, nature and term of its debt facilities and its ability to meet its debts as and when they fall due;
- approve major investments and monitor the return on those investments;
- monitor the adequacy, appropriateness and operation of internal controls including reviewing and approving the Company's compliance systems and corporate governance principles;
- review and monitor significant business risks and oversee how they are managed;
- monitor the conduct of the relationship with key regulators to meet the Company's obligations;
- determine delegations to Committees, subsidiary boards and management and approves transactions in excess of delegated levels;
- consider, approve and endorse major policies of the organisation including a code of conduct;
- oversee the implementation of appropriate work health and safety systems;
- protect and oversee the enhancement of the reputation of the Company; and
- promote a culture of strong corporate governance, sound business practices and ethical conduct.

3. Composition of the Board

The Board, on the recommendation of the Remuneration and Nominations Committee, will review the size and composition of the Board with a view to having an appropriate mix of skills.

The Company's Constitution provides for a minimum of three Directors and a maximum of nine Directors.

The Board will comprise a majority of independent non-executive Directors.

The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment (which may include the matters listed in the Schedule). The independence of the Directors will be regularly reviewed (at least annually) and the status of independent Directors will be disclosed, together with the length of service of each Director, in the Company's Annual Report or on the Company's website.

Each non-executive Director will inform the Board or the Remuneration and Nominations Committee of any change to their interests, positions, associations or relationships that could affect their independence.

Any change to a Director's status as an independent Director will be disclosed and explained to the market in a timely manner. Any decision by the Board not to change a Director's status as an independent Director despite the Director having an interest, position, association or relationship of the type described in the Schedule will be disclosed and explained in the Company's Annual Report or on the Company's website.

4. Role of the Chairman

The Chairman of the Board will be selected by the Board and will also be an independent non-executive Director. For the avoidance of doubt, the position of Chairman of the Board will not be held by someone who is performing the role of CEO of the Company.

The Chairman's responsibilities include:

- (a) leadership and effective performance of the Board;
- (b) conducting director meetings effectively, competently and ethically;
- (c) conducting general meetings efficiently and that shareholders have adequate opportunity to ask questions and express their opinions on the performance of the Company; and
- (d) liaison between the Board and the CEO.

5. Role of the Company Secretary

The Company Secretary is appointed by and is responsible to the Board of Directors through the Chairman. All Directors will have direct access to the Company Secretary and vice versa.

The Company Secretary is also responsible for advising the Board on governance matters, monitoring the Board's compliance with its policies and procedures and co-ordinating all Board business, including board papers, minutes, communication with regulatory bodies and Australian Securities Exchange (ASX), and all statutory and other filings.

6. Meetings

The Board meets formally on a regular basis, in accordance with a schedule agreed annually. The Board will also meet between scheduled meetings whenever necessary to deal with matters which may arise throughout the year.

Any Director is able to convene a meeting of the Board by contacting the Chairman or the Company Secretary.

The Chairman of the Board and the Company Secretary will co-ordinate the Board agenda. Board papers should normally be distributed by the Company Secretary at least a week prior to each Board meeting.

In addition to the above meetings, the non-executive Directors will meet at least once per year in the absence of executive Directors and management, and at such other times as they may determine. The independent Directors may also meet on their own as they determine.

Where deemed appropriate by Directors, meetings and subsequent approvals and recommendations may occur by written resolution or conference call or other electronic means of audio or audio visual communication.

7. Committees

The Directors may delegate any of their powers to a Committee or Committees.

The Directors must, at a minimum, establish the following Committees for which a formal charter will be adopted:

- (a) an Audit and Financial Risk Committee;
- (b) a Remuneration and Nominations Committee; and
- (c) a Risk and Sustainability Committee.

The Board may also delegate specific functions to ad hoc committees. The Board will, at least once each year, review the membership and charter of each committee.

8. Relationship with Management

The Board has delegated specific authorities to the Chairman and to its various Committees.

The Board delegates to the CEO responsibility with respect to the following:

- (a) developing the strategy of the Company for approval of the Board;
- (b) implementing the Board approved strategy of the Company; and
- (c) managing the day-to-day operations of the Company, including incurring expenditure up to the limits of the Board approved budget.

The Board will regularly monitor the performance of the CEO and management and where required, provided feedback to and challenge the CEO and management.

9. Education, Development and Performance Evaluation

Each new Director will, upon appointment, participate in an induction program. This will include meeting with members of the existing Board, Company Secretary, management and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements, and Board practices and procedures.

On an ongoing basis, and subject to approval of the Chairman, Directors may request and undertake training and professional development, as appropriate, at the Company's expense.

The performance of the Board as a group, its Committees and its individual Directors is to be assessed each year. In particular, those Directors seeking re-election at an annual general meeting will be assessed by the Board in respect to a recommendation to shareholders for re-election.

The performance of the Chairman of the Board is to be assessed each year by a suitable non-executive Director.

The Board will disclose each year in the Company's Annual Report or on the Company's website whether a performance evaluation of the Board, its Committees and its Directors was undertaken in accordance with the above process.

10. Conflict of Interests

The Board will agree, and Board members will abide by the following:

- (a) declaring their interests as required under the *Corporations Act 2001* (Cth), ASX Listing Rules and general law requirements;
- (b) unless the Directors (without a relevant personal interest) agree otherwise, where any Director has a material personal interest in a matter, the Director will not be permitted to:
 - (i) receive any papers;
 - (ii) take part in any discussion concerning the matter; or
 - (iii) vote on the matter,at a Director's meeting where that matter is being considered; and
- (c) Directors must not:
 - (i) allow personal interests to conflict with the interests of the Company; or
 - (ii) disclose confidential information, unless the disclosure has been authorised by the Company or is required by law.

All Directors will abide by the terms of the Securities Dealing Policy.

11. Access

The Company's external auditors will allow all issues to be raised directly with the Board.

Board members are not to be constrained or impeded from disclosing information to the external auditors in accordance with statutory and regulatory requirements and must be available to meet with the external auditors on request after notification to the Chairman.

Each Director will have the ability to consult independent experts where that Director considers it necessary to carry out their duties and responsibilities. Any costs incurred as a result of the Director consulting an independent expert will be borne by the Company, subject to the estimated costs being approved by the Chairman in advance as being reasonable.

12. Review

The Board will, at least once a year, review this Board Charter to determine its ongoing appropriateness.

Adopted by the Board on 16 November 2020

Schedule

Guidelines of the Board of Directors – Independence of Directors

Section 3 of the Board Charter refers to the 'independence' of Directors.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, Directors will be considered to be 'independent' if they are not members of management (a non-executive Director) and they:

- are not material shareholders of the Company, or officers of, or otherwise associated directly or indirectly with, material shareholders of the Company;
- have not within the last three years been employed in an executive capacity by the Company or another group member;
- were not appointed as a Director of the Company within three years of ceasing to be employed in an executive capacity by the Company;
- have not within the last three years been a principal or employee of a material professional adviser or a material consultant to the Company or another group member;
- are not a material supplier to or customer of the Company or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- have not been a Director of the Company for such a period that their independence may have been compromised.

Materiality Thresholds

The Board will consider thresholds of materiality for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (eg revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.