



CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Central Petroleum Limited (**Company**) and its Board are committed to achieving and demonstrating high standards of corporate governance. The Board continues to review the Company's corporate governance framework, policies and practices to meet the interests of shareholders and reflect changes in law and developments in corporate governance standards. The Company seeks to follow the best practice recommendations for listed companies to the extent that it is practicable for its size.

This Corporate Governance Statement discloses the extent of the Company's compliance with the ASX Corporate Governance Principles and Recommendations 4th edition (**ASX Principles**) during the financial year ended 30 June 2021.

Set out below are the principal corporate governance practices of the Company along with the reasons for non-adoption of the ASX Principles where applicable.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Roles and Responsibilities of the Board of Directors

The Board of Directors 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 has adopted a Board Charter which details the Board's role, powers, duties and functions. A copy of the Board Charter can be found on the Company's website (www.centralpetroleum.com.au).

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 and establishment of goals for management and monitoring the achievement of those goals on a regular basis.

The Board has delegated day-to-day management of the Company's operations to the Managing Director and Senior Management, in accordance with the direction and delegations of the Board. Senior Management report to the Board and execute the directives of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out those delegated duties.

The Board is also responsible for:

- reviewing the performance of the Managing Director and Senior Management;
- planning the development, retention and succession of the management team;
- reviewing and ratifying systems of risk management and internal compliance, including approving and monitoring the policies and procedures relating to occupational health and safety and the environment;
- approving and monitoring financial and other reporting, including the progress of major capital expenditure and capital management;
- approving and monitoring acquisitions and divestitures; and

- preparing, implementing and monitoring policies in order so that all major developments affecting the financial position and state of affairs of the Company and any subsidiaries are announced to the ASX in strict accordance with the Listing Rules.

The Board has also established a framework for the management of the Company, including a system of internal control and business risk management and the establishment of appropriate ethical standards.

	RECOMMENDATION	EXPLANATION / REFERENCE
Rec 1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	In the period commencing 1 July 2020 until the adoption of the Board Charter, the Board relied on its existing good governance practices to handle those matters which are now expressly stated in the Board Charter. The Board Charter was reviewed and adopted following the completion of a formal process to appoint two new directors to the Board in June and September 2020 and a re-structure of Board Committees from four down to three. The full Board with the settled Committee roles then gave input into the roles, powers, duties and functions of the Board and those which are delegated to Senior Management. The Company followed Recommendation 1.1 to have and disclose a board charter upon the approval of the Board Charter on and from 16 November 2020.

1.2 Appointment of Directors

Appropriate checks are made of each Director and Senior Executive before their appointment and stakeholders are made aware of all material information on the election or re-election of Directors.

1.3 Directors under Written Agreement

The Company has written agreements with each Director and Senior Executive setting out the terms of their appointment or employment, as applicable.

1.4 Company Secretary Accountable to the Board

The Company Secretary of the Company is accountable directly to the Board, through the Chair on all matters to do with the proper functioning of the Board.

1.5 Diversity

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. The Company has formulated a diversity policy, which can be viewed on its website.

The Company has adopted a three-pronged approach set by the Board for achieving gender diversity in the composition of its Board, Senior Executives and workforce generally. The three objectives for achieving gender diversity within the Company are as follows:

- 1. Representation** – Increase the representation of female skilled employees in the Company;

2. Remove Gender Bias – Increase awareness of gender bias and develop solutions to remove gender bias within the Company; and

3. Review Practices – Ongoing review aimed at identifying any inequities and take any necessary action.

At the end of the current reporting period there were 15 women in the whole organisation representing 16.8% of total employees. There were no women in Senior Management roles and one woman on the Board. Senior management is made up of those employees that report directly to the Managing Director and which influence and drive the strategic direction of the Company's business.

The Company lodges annually a Workplace Gender Equality Report pursuant to the Workplace Gender Equality Act, which discloses gender equality indicators for the Company's workforce. A copy of the most recent report is available on the Company's website (www.centralpetroleum.com.au).

1.6 Performance Evaluation - Directors

The Company conducts ongoing and periodic reviews of the Board, its Directors and its Chair. The Board performance evaluation is conducted by way of regular post-Board meeting performance evaluations, the Chair monitoring the day-to-day functioning of the Board on a continuous basis and a survey focused on operational aspects of Board meeting performance, Committee meeting performance and Chair performance. The survey is completed by each Director and the responses compiled, reviewed and discussed by Board.

A survey of the Board was undertaken and evaluated for the 2020 Financial Year with the next survey planned for the 2022 Financial Year.

1.7 Performance Evaluation – Senior Executives

The Board from time to time carries out the process of considering and determining relevant KPI's and other measures to evaluate the performance of its Senior Executives. Such review was undertaken in this performance period.

The Managing Director also conducts an annual performance review with each of the Senior Executives.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Nominations Committee

Due to the size of the Company, a decision was made by the Board to have a single Remuneration and Nominations Committee.

This Committee consists of the following independent Non-Executive Directors:

- Mr Stuart Baker
- Mr Michael "Mick" McCormack (Chair)
- Dr Agu Kantsler

The Chair of this Committee is an independent Non-Executive Director.

The role of the Nominations Committee is to review Board composition, performance and Board succession planning.

Details of the number of times the Remuneration and Nominations Committee met during the year, including each Director's attendance and qualifications, appear in the Directors' Report of the 2021 Annual Report.

The Remuneration and Nominations Committee's Charter can be viewed on the Corporate Governance page of the Company's website (www.centralpetroleum.com.au).

2.2 Board Skills Matrix

The following table summarises the key skills and experience of the Board of Central Petroleum Limited across areas relevant to the Company and its strategy:

Skills, Experience and Diversity	No. of Directors
Executive Leadership	
• Executive Management positions	6
• External Directorships	4
Governance	
• Experience in governance of organisations	5
Strategy	
• Experience in setting and delivering company strategy	5
• Ability to analyse information, think strategically and review and challenge management recommendations	6
Health, Safety and Environment	
• Experience in oversight of health, safety and environmental and sustainability issues in an organisation	4
Risk Management	
• Experience in risk management and oversight	5
Industry Experience	
• Experience in the Resources Industry	6
• Experience within the Oil and Gas Industry	6
• Engineering or Science qualification	4
Financial & Legal Acumen	
• Financial Literacy	6
• Accounting or Finance qualification	4
• Legal qualification	0

2.3 Details of the Board

The Board consists of six Directors – one Executive Director and five Non-Executive Directors. Details of their skills, experience and expertise and the period of office held by each Director have been included in the Directors' Report of the 2021 Annual Report. The number of board meetings and the attendance of the Directors are set out in the Directors' Report.

The Board has assessed the independence of the Non-Executive Directors and the Chair. Although certain Non-Executive Directors hold fully paid ordinary shares, the Board considers these holdings to be immaterial, being significantly below the holdings threshold to be considered as substantial shareholders as defined by the *Corporations Act 2001* (Cth).

The Non-Executive Directors have no business or other relationship which is likely to compromise their independence. Individual Directors are required to keep the Board advised of any interests that could potentially create conflict with those of the Company.

2.4 Independent Directors

The majority of the Board are independent Non-Executive Directors. The Board monitors the independence of each Board member on a regular ongoing basis.

2.5 Chair of the Board

The Chair, Mr Mick McCormack, is a Non-Executive Director. The roles of Chair and the Executive Director are not exercised by the same individual as there is a clear division of responsibility between them.

2.6 Induction and Continuing Education of Board Members

Upon appointment, new Directors undergo a structured program of induction. Each new Director is provided with an induction pack containing copies of the Company's Constitution, Board Charter, Committee Charters, corporate policies and other relevant information pertaining to the Company's ongoing operations and objectives.

Directors are encouraged to attend continuing professional education sessions including industry seminars and approved education courses. The Directors endeavour to visit the Company's operating facilities annually to obtain an understanding of the Company's operations and its relationships with local communities.

2.7 Term of Office

Under the constitution of the Company, the Directors, other than the Managing Director, are obliged to present one third of their company for retirement and potential re-election at each annual general meeting of the Company.

2.8 Independent Professional Advice

In the proper performance of their duties, each Director has the right to seek a reasonable level of independent professional advice on matters concerning the Company at the Company's expense, after obtaining the Chair's approval, which will not be unreasonably withheld. Each Director has the right of access to all relevant Company information and to the Company's executives.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

3.1 Company Values

In addition to overseeing the performance and operations of the Company, the Board is responsible for setting the core values of the Company. These values underpin the Company's culture and ethical standards and inform the behaviors and decision making of all Company employees.

The Directors acknowledge the need for, and continued maintenance of, the highest standards of ethical conduct by all Directors and employees of the Company. All Directors, executives and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information and act with the highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, the Company, customers, suppliers and the community.

Material breaches of the Code of Conduct, Whistleblower Policy, Fraud and Corruption Policy and Share Trading Policy (all detailed below) are reported to the Board or relevant Committees, as appropriate, for the purpose that the Board remains informed of the ongoing values and culture of the Company.

3.2 Code of Conduct

The Board has developed a Code of Conduct reflecting its values, high standards and expectations. The Code of Conduct will be regularly reviewed and updated as necessary to reflect the highest standards of behavior and professionalism.

The Code of Conduct is available on the Corporate Governance page of the Company's website (www.centralpetroleum.com.au).

3.3 Whistleblower Policy

The Company has adopted a Whistleblower Policy outlining the Company's commitment to maintaining an open working environment in which employees and contractors are informed and feel safe to raise concerns of unethical, unlawful or unacceptable conduct without fear of any retaliatory action.

The Whistleblower Policy is available on the Corporate Governance page of the Company's website (www.centralpetroleum.com.au).

3.4 Fraud and Corruption Policy

The Company has zero tolerance for fraud and corruption and is committed to its prevention, detection and control. The Company's fraud and corruption control principles and governance arrangements are set out in its Fraud and Corruption Policy adopted by the Board. This Policy is designed to promote an ethical culture and maintain the highest standards of integrity and ethical conduct within the organisation.

The Fraud and Corruption Policy is available on the Corporate Governance page of the Company's website (www.centralpetroleum.com.au).

3.5 Share Dealing

The Company has adopted a Share Dealing Policy for Directors and employees, which is appropriate for a Company whose shares are admitted to trading on the ASX, and the Company will take all reasonable steps to require compliance by its Directors and any relevant employees.

The Share Dealing Policy is summarised as follows:

- Consistent with the legal prohibitions on insider trading contained in the *Corporations Act 2001* (Cth), all employees, officers and Directors are prohibited from trading in the Company's securities while in possession of unpublished price sensitive information.
- Unpublished price sensitive information is information, which a reasonable person would expect to have a material effect on the price or value of the Company's securities. Examples may include:
 - the financial results of the Company and any of its subsidiaries;
 - projections of future earnings or losses;
 - changes in Senior Management; and
 - results of drilling and or production testing.
- Material information may be either positive or negative information.

- An employee, officer or Director, whilst in possession of unpublished price sensitive information, is subject to three restrictions:
 - they must not deal in securities affected by information;
 - they must not cause or procure anyone else to deal in those securities; and
 - they must not communicate the information to any person if they know or ought to know that the other person will use the information, directly or indirectly, for dealings in securities.
- Employees, officers and Directors are required to advise the Company Secretary of their intentions prior to undertaking any transaction in the Company's securities. If an employee, officer or Director is considered to possess unpublished price sensitive information, they will be precluded from making a security transaction until one trading day after the time of public release of that information.

3.6 Related Party Matters

Directors and Senior Management are required to advise the Chair of any related party contract or potential contract. The Chair will inform the Board and the reporting party will be required to remove himself/herself from all discussions and decisions involving the matter. Prior Board approval will be required for all proposed contracts.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 Audit and Financial Risk Committee

The Board has established an Audit and Financial Risk Committee which consists of the following independent Non-Executive Directors:

- Mr Stuart Baker (Chair)
- Mr Stephen Gardiner
- Ms Katherine Hirschfeld AM
- Mr Michael "Mick" McCormack

The Chair of this Committee is an independent Non-Executive Director.

The role of the Audit and Financial Risk Committee is to seek evidence that the Company fulfils its corporate governance and oversight responsibilities relating to financial accounting practices, external financial reporting and the external audit function.

Details of the number of times the Audit and Financial Risk Committee met during the year, including each Director's attendance and qualifications, appear in the Directors' Report of the 2021 Annual Report.

The Audit and Financial Risk Committee's Charter can be viewed on the Corporate Governance page of the Company's website (www.centralpetroleum.com.au).

4.2 Reporting and Assurance

Monthly results are circulated to the Board of Directors and Chief Financial Officer for review. Rolling cash flow forecasts are prepared on a regular basis. Exploration expenditure is measured against approved program budgets.

When considering the financial reports, the Board receives a written declaration in accordance with section 295A of the *Corporations Act 2001* (Cth), signed by the Managing Director and Chief Financial Officer that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and its performance and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, in a separate written statement the Managing Director and Chief Financial Officer also confirm to the Board that the Company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

4.3 Verification of Periodic Corporate Reports

The Company is committed to providing clear, concise and factual disclosure of material information to all investors in its corporate reports. The Company has adopted a process for the preparation, verification and approval of corporate reports to check the accuracy of those reports.

Information published in the Company's periodic corporate reports which have not been externally audited are verified by Senior Management and approved by the Board prior to release to the market.

4.4 External Auditors

The Company and Audit and Financial Risk Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed regularly. PwC was appointed auditor for the first time for the financial year ended 30 June 2011. It is PwC's policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' report and in the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Financial Risk Committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure

The Company has adopted a Continuous Disclosure Policy that requires compliance with its continuous disclosure obligations and full and timely disclosure of material price-sensitive information.

The practice followed by the Company is for Directors, Senior Management and external advisors to review and authorise any Company announcement to check that the information is factual, timely, clearly expressed and contains all material information so that investors can make appropriate assessments of the information for investment decisions.

The Company provides information necessary for investors to make informed decisions about investing in the Company. Information in the form of quarterly, half yearly and annual reports, presentations and announcements made under the ASX listing rules and other announcements are all readily available on the Company's website (www.centralpetroleum.com.au).

The Company's Continuous Disclosure Policy is available on the Corporate Governance page of the Company's website (www.centralpetroleum.com.au).

	RECOMMENDATION	EXPLANATION / REFERENCE
Rec 5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	In the period commencing 1 July 2020 until the adoption of the Continuous Disclosure Policy, the Board relied on its existing good governance practices to handle those matters which are now expressly stated in the Continuous Disclosure Policy. The Continuous Disclosure Policy was reviewed and adopted following the completion of a formal process to appoint two new directors to the Board in June and September 2020 and a re-structure of Board Committees from four down to three. The full Board gave input into the content of the Continuous Disclosure Policy. The Company followed Recommendation 5.1 to have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1 on and from 16 November 2020.

5.2 Board Visibility of Material Market Announcements

The Board is involved in the review and authorisation of material Company announcements and therefore has visibility of the nature, quality and frequency of information being disclosed to the market. Where the Directors' input is not feasible prior to the release of an announcement, all Directors are provided with copies of the material market announcement promptly after they are made.

5.3 Disclosure of Investor or Analyst Presentations

Materials used in external investor or analyst presentations which are substantive in nature and which have not been previously disclosed are released to the ASX prior to their use.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Directors aim to have the shareholders, on behalf of whom they act, informed of all information necessary to assess the performance of the Company.

6.1 Shareholder Access to Information through Company's Website

Information on all major developments affecting the Company is available to shareholders on the Company's website (www.centralpetroleum.com.au) and includes the Company's:

- annual reports;

- quarterly and half yearly reports;
- ASX announcements; and
- media releases.

Information relating to the Company's corporate governance practices and procedures including the Company's Constitution, Policies and Charters are available on the Company's website (<https://centralpetroleum.com.au/about/corporate-governance/>).

6.2 Shareholder Relations

Shareholder engagement is encouraged at the annual general meetings and generally through communications with the Company Secretary. Where significant comments or concerns are raised by investors or their representatives, the Company Secretary will convey those comments and/or concerns to the Chair, the Managing Director and/or Senior Management, as appropriate. Contact details for the Company Secretary can be found on the Company's website (www.centralpetroleum.com.au).

6.3 Participation at the Annual General Meeting

The Company strongly supports shareholder participation at all security holder meetings and as such has adopted policies and procedures to facilitate shareholder participation.

The avenues available to shareholders to participate include the Proxy Form, the online voting process or at the appropriate time during the course of security holder meetings.

6.4 Resolution by Poll

All substantive resolutions at a meeting of security holders are decided by poll rather than show of hands.

6.5 Online Communications

On the Company's website there is an option for shareholders to register their email address for updates made by the Company from time to time along with the ability to communicate via email with the Company. Contact details of the Company's security registry are also available on the Company's website (www.centralpetroleum.com.au).

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control.

Further details of the Company's risk management can be found in the Operating and Financial Review section of the 2021 Annual Report.

7.1 Risk and Sustainability Committee

The Risk and Sustainability Committee consists of the following independent Non-Executive Directors:

- Mr Stephen Gardiner
- Ms Katherine Hirschfeld AM (Chair)
- Dr Agu Kantsler
- Mr Michael "Mick" McCormack

The Chair of this Committee is an independent Non-Executive Director.

In addition to the abovementioned, the Committee Charter allows for the Committee to comprise of independent non-executive members of the Board. Currently the Committee includes Mr Robert Liddle OAM who brings with him valued experience and expertise to assist the Board and the Company to achieve its Community Affairs goals.

The Risk and Sustainability Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In providing this oversight they review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information.

The Risk and Sustainability Committee is responsible for the overall internal control and risk management framework. The Risk and Sustainability Committee has implemented the following control framework:

1. Special Functional Reporting:

The Risk and Sustainability Committee has identified a number of key areas which are subject to regular reporting to the Board such as safety, environmental, insurance and legal matters.

2. Investment Appraisal:

The Company has set clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements. Capital expenditure and revenue commitments above a certain size require prior Board approval. Procedures exist so that business transactions are properly authorised and executed.

Details of the number of times the Risk and Sustainability Committee met during the year, including each Director's attendance and qualifications, appear in the Directors' Report of the 2021 Annual Report.

The Risk and Sustainability Committee's Charter can be viewed on the Corporate Governance page of the Company's website (www.centralpetroleum.com.au).

7.2 Review of Risk Management Framework

The Risk and Sustainability Committee reviews the Company's risk management framework annually for the purpose of reviewing and confirming that it remains sound and that the Company is operating with due regard to the risk appetite set by the Board. Such review was undertaken in this performance period.

7.3 Internal Audit Function

	RECOMMENDATION	EXPLANATION / REFERENCE
Rec 7.3	A listed entity should disclose if it has an internal audit function and if it does not, the process it employs for evaluating and continually approving the effectiveness of its governance, risk management and internal control process.	The relative size of Company's activities does not lend itself to having an internal audit function, however, there is a continual review process in place overseen by the Chief Financial Officer and the Audit and Financial Risk Committee.

7.4 Material Exposure

The main risks which the Company is exposed to are those inherent in the industry in which it operates. As with any oil and gas explorer and producer, the Company may be exposed to economic downturn or fluctuations in oil and gas prices, changes to government regulations or environmental operating risks. These risks are managed through the internal control and risk management framework as set out above.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

On matters of remuneration, the Board has policies that were established to review the remuneration policies and practices of the Company so that it remunerates fairly and responsibly.

8.1 Remuneration Committee

Due to the size of the Company, a decision was made by the Board to have a single Remuneration and Nominations Committee.

The Committee consists of the following independent Non-Executive Directors:

- Mr Stuart Baker
- Mr Michael "Mick" McCormack (Chair)
- Dr Agu Kantsler

The Chair of this Committee is an independent Non-Executive Director.

The remuneration policy of the Board is designed for the purpose that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees. The policy is designed for:

- decisions in relation to executive and non-executive remuneration;
- decisions in relation to remuneration packages for executive Directors and Senior Management;
- decisions in relation to merit recognition arrangements and termination arrangements; and
- ensuring that any equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders.

Details of the number of times the Remuneration and Nominations Committee met during the year, including each Director's attendance and qualifications, appear in the Directors' Report of the 2021 Annual Report.

The Remuneration and Nominations Committee's Charter can be viewed on the Corporate Governance page of the Company's website (www.centralpetroleum.com.au).

8.2 Directors' Remuneration Policy

The structure of Non-Executive Directors' remuneration is distinguished from that of executives. Remuneration for Non-Executive Directors is fixed. Total remuneration for all Directors, as approved by shareholders, is not to exceed \$750,000 per annum. Neither the Non-Executive Directors nor the Executives of the Company receive any retirement benefits, other than superannuation.

Executive Directors are employed pursuant to employment agreements. A summary of the Executive Director's employment agreement is set out in the remuneration report.

8.3 Equity-Based Incentive Plans

It is the Company's policy that Directors, and executives participating in an equity-based incentive plan are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of an unvested entitlement in Company securities. Details can be found in the Company's Securities Dealing Policy which can be viewed on the Corporate Governance page of the Company's website (www.centralpetroleum.com.au).

This Corporate Governance Statement is current as at 9 September 2021 and has been approved by the Board of the Company.