

 Kidson Energy	KEP01-02 Corporate Governance Principles and Practices Standard	
	Rev: 0 - 20062021	Page: 1 of 5
	Reviewed by J Goyder (Director)	Approved by A Somoff (Director)

Purpose

The purpose of this standard for corporate governance principles and practices is to provide the Board and Kidson Energy leadership with the company requirements around roles, responsibilities, corporate structure, code of conduct, financial reporting, disclosure, corporate risk, company performance and remuneration of the Board.'

1. Board Role and Responsibilities

Kidson Energy's Board of Directors and management are committed to maintaining a high standard of corporate governance. The Board has responsibility for the overall stewardship of the Company, establishing the overall policies and standards for the Company in the operation of its businesses, and reviewing and approving the Company's strategic plans.

In addition, the Board monitors and assesses overall performance and progress in meeting the Company's goals. Day to day management is the responsibility of the Managing Director and Senior Management team. Specific responsibilities are documented in their respective job description.

1.1 Director Responsibilities

The Board's responsibilities include a duty of care and a duty of loyalty. A director's duty of care refers to the responsibility to exercise appropriate diligence in overseeing the management of the Company, making decisions, and taking other actions. To meet their duty of care, directors are expected to:

- Attend and participate in Board and committee meetings.
- Remain properly informed about the company's business and affairs.
- Rely on others including Board nominated committees, management, employees, and professional advisors.
- Make inquiries about potential problems that come to their attention and follow up until they are reasonably satisfied that management is addressing them appropriately.

A director's duty of loyalty refers to the responsibility to act in good faith and in the Company's best interests, not the interests of the director, or a family member / organisation with which the director is affiliated. Directors should not use their positions for personal gain.

1.2 Corporate Strategy

The Board believes that management is responsible for development of corporate strategy. It is the role of the Board to review, question, validate and approve the strategic plan and any material changes to the strategies.

1.3 Board Relationship with Management

The Board supports and encourages members of management in the performance of their duties and individual directors are encouraged to provide their counsel as needed. Management is encouraged to make appropriate use of the Board's skills before decisions are brought forward on key issues.

Board members have complete access to management for relevant information. It is understood that such contact, if in writing, be copied to the Managing Director and Chairman.

The Board will bring management and staff into Board meetings from time to time to provide additional insight into the items being discussed.

1.4 Limits to Management Authority

The Board establishes general authority guidelines that places limits on management's approval authority depending on the nature and size of the proposed transaction. These limits anticipate that some flexibility exists within approved budgets but otherwise must not be exceeded without prior Board or appropriate committee approval.

2. Board Structure

2.1 Board Organisation

The Board of Directors, as a minimum, will be made up of the following:

- Two Directors

With

- Financial Controller
- Operations Advisor

2.2 Board Meetings

2.2.1 Frequency

Board meetings will be held at least four times per year and scheduled to allow full board participation. Extraordinary board meetings will be scheduled as required.

2.2.2 Agendas

Any Board member may suggest the inclusion of items on the agenda in advance of the meeting.

2.2.3 Meeting Materials Distributed in Advance

The Board has determined that information and data that are important to the Board's understanding of business issues shall be distributed to the Board before each Board meeting in sufficient time to ensure adequate opportunity exists for members' review. Management makes every attempt to make this material as concise as possible while still providing the desired information and focusing attention on critical issues to be considered by the Board.

2.2.4 Presentations

As a rule, and when appropriate, presentation materials are sent to the Board members in advance. Time is allocated at all Board meetings to ensure members' questions about the material can be answered.

2.3 Committee Organisation and Meetings

2.3.1 Committees

Kidson Energy, because of practicalities imposed by its size, does not have formal Board Committees. It utilises a lean and responsive approach where-by two or three directors, including an assigned chairman, will address a particular issue, agree on a course of action, write a summary, and present their findings to the Board for ratification. Each committee operates according to Board-approved terms of reference and will call upon specialist staff members as required.

The main areas of focus are:

- Audit

- Governance
- Health, Safety and Environmental
- Human Resources

2.3.2 Committee Meetings

Committee meetings are held on an as required basis with their focus being quick and effective resolution of identified issues. The committee chair reports to the Board on the results of each meeting. Each committee chair, in consultation with management, develops the committee's agenda.

2.3.3 Outside Advisors for Individual Directors

Occasionally individual directors may need the services of an advisor or expert to assist on matters involving their responsibilities as Board members. The Board has determined any director who wishes to engage an outside advisor at the expense of the Company may do so with Board approval.

3. Code of Conduct

The Board of Directors of Kidson Energy put in place, **KEP02-00 Kidson Energy Code of Conduct Policy**, that sets out the purpose, application, standards of behaviour, and principles required, by the directors, management, employees, contractors, and sub-contractors alike. The Code is intended to focus everyone on areas of ethical risk, to provide guidance, to help recognise and to help deal with ethical issues and help foster a culture of honesty and accountability.

3.1 Conflict of Interest

Directors shall avoid any conflicts of interest between the director and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Chairman and Managing Director.

3.2 Confidentiality

Directors should maintain the confidentiality of information entrusted to them by the Company or its Customers and any other confidential information about the Company or its Customers that comes to them, from whatever source, in their capacity as a director, except when disclosure is authorised or legally mandated.

3.3 Compliance with Laws, Rules and Regulations - Fair Dealing

Directors shall comply, and oversee compliance by management and employees, with laws, rules, and regulations applicable to the Company. Directors shall endeavour to deal fairly with the Company's Customers, suppliers, competitors, and employees. The directors shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

3.4 Encourage the Reporting of any Illegal or Unethical Behaviour

Directors should proactively promote ethical behaviour and take steps to ensure the Company:

- Encourages employees to talk to supervisors, managers, and other appropriate personnel when in doubt about the best course of action in a particular situation.
- Encourages employees to promptly report violations of laws, rules, regulations to appropriate personnel.
- Informs employees that the Company will not allow retaliation for reports of violations made in good faith.

3.5 Compliance Procedures

Directors should communicate any suspected violations of this Code promptly to the Chairman and the Managing Director.

4. Integrity of Financial Reporting

4.1 Management Reporting

To encourage accountability, it is the responsibility of the Director's and Financial Controller (FC) to present detailed financial reports to the Board. Financial reports should be accompanied by a signed declaration from the Director's that the report represents a true and fair view, in all material aspects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

4.2 Audit

Independent financial auditing is a critical aspect of ensuring the integrity of financial reporting. Kidson Energy will commit to independent auditors complete a full audit of financial status. The resulting report is submitted to the Board for review.

5. Disclosure

5.1 Board Communications Policy

The Board reviews the content of the Company's major communications to regulatory agencies. The Board believes it is the function of management to speak for the Company in its communications with Customers, suppliers, employees, governments, and the public. It is understood that the chairman or other individual directors may from time to time be requested by management to assist with such communications.

6. Risk Management

6.1 Principal Risks

The Board is responsible for understanding the principal risks associated with the Company's business on an ongoing basis and for ensuring that management has implemented appropriate strategies to manage these risks. It is the responsibility of management to assure the Board is kept well informed of these changing risks on a timely basis. It is important the Board understand and support the key risk decisions of management, which includes comprehending the appropriate balance between risks and benefits.

6.2 Internal Controls and Management Systems

Fundamental to the discharge of the Board's overall responsibilities is the existence of control systems that can in part ensure the effective discharge of these responsibilities. The Board has the responsibility for the oversight of internal control procedures, to determine their effectiveness, and to monitor compliance with the Company's policies and codes of business ethics. An Audit committee shall be tasked to address this function and report on critical matters to the Board to oversee the effectiveness of these systems.

7. Performance Management

7.1 Assessment of the Board, Committees, and Individual Directors

The Board annually conducts an evaluation of the performance of the Board, each of its committees, and that of individual directors, based on the results of the directors' annual self-assessment.

7.2 Formal Evaluation of the Managing Director

The Board, not including the Managing Director, conducts an annual review of the performance of the Managing Director as measured against objectives established in the prior year by the Board and the Managing Director. This annual review is conducted in executive session and communicated to the Managing Director by the Chairman.

7.3 Succession Planning and Management Development

The Board believes that succession planning and management development are key to the ongoing process that contributes substantially to the Company's success. The Managing Director provides a detailed annual report to the Board. The Managing Director makes available to the Board his recommendation as to a successor in the event of the unexpected incapacity of the Managing Director.

8. Remuneration

8.1 Director's Fees

Each Director is paid a fee for each board meeting attended. This fee is determined by the board and minuted.

8.2 Managing Director

The Board evaluation of the Managing Director is used by the Board in its deliberations concerning the Managing Director's annual compensation.