

GLOBAL PETROLEUM – Board Charter (incorporating Role Statement, Corporate Governance Statement and Directors’ Code of Conduct)

INTRODUCTION

Global Petroleum Limited (Global Petroleum or the Company) considers corporate governance to be essential to the effective management of the Company. The Board of Directors acts as the ultimate corporate governance body within the Company and in this Board Charter sets out its objectives, role statement and corporate governance policies by which it will carry out its role. It also sets out the Directors’ Code of Conduct.

OBJECTIVES OF THE BOARD;

- Provide leadership so as to deliver the objectives of the Company, including setting an inclusive and compliant culture for the Company,
- Meet or exceed best practice in compliance with all of its legal and regulatory obligations, as appropriate for a company of its size and standing,
- Develop a constructive and challenging relationship with management, allowing management to run the Company on a day-to-day basis but equally holding management accountable for its actions,
- Ensure clear lines of reporting, escalation and communication are established,
- Establish clear roles and responsibilities for management and set limits of their delegated powers,
- Account to shareholders and other stakeholders,
- Ensure the business delivers the strategy set by the Board.

ROLE STATEMENT

The following role statement sets out the areas that the Board has identified as its principal areas of responsibility.

Strategy and Direction

In order to achieve the Company’s objectives, the Board has set a strategy that takes account of the Company’s financial situation and current market conditions. The Board believes that this strategy gives the Company the flexibility it needs to optimise its development and return value to shareholders.

Corporate Governance

The Board has established a corporate governance statement setting out the essential features of Board governance, and will review the effectiveness of its governance practices at least annually.

Legal and Regulatory Compliance

The Board is responsible for the Company’s compliance with legal and regulatory obligations. It discharges this responsibility by reviewing and approving management’s recommendations for actions, including remedial actions, and disclosures as appropriate in relation to the conduct of the Company’s business.

Financial Control

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The Board will approve all significant capital expenditure, corporate transactions and major projects. It will also approve all publicly disseminated financial reports, including the quarterly, half year and full year reports to shareholders, the ASX and the AIM. It receives declarations from the Chief Executive Officer in relation to financial reports and also assesses the external auditor’s independence.

Corporate Culture and Standards

In furtherance of the Board’s objective to deliver an inclusive and compliant culture, the Board has required management to establish internal policies to inform key stakeholders, including its employees, of its commitment to high standards, values, best practice and safety in all its areas of operation.

Ethics and Prevention of Bribery and Corruption

The Board will set the ethical standards of the Company. The Company, its Directors and employees will not make or accept any payment, including non-monetary payment, that could be reasonably construed as a bribe. The Company, its Directors and employees will not engage in any act or course of action that could be reasonably construed as a corrupt act. Breach of this requirement by a Director or employee will result in summary dismissal.

Risk

The Board is responsible for protecting the business from the crystallisation of risks that could damage the business or prevent the Company from achieving its objectives. Therefore, it has set a risk appetite approach which means it will only take risks that it understands and is comfortable with. The risk appetite approach is embedded in all corporate decision-making and the Board receives regular reports from management on key and emerging risk issues.

People Management

The Board is committed to delivering a high standard of conduct in its management of employees and contractors irrespective of geographical location. The Board has set policies to cover ethical standards, employment conduct, and diversity.

CORPORATE GOVERNANCE STATEMENT

Board Governance and Policies

In order to discharge its responsibilities, the Directors engage with shareholders and management to ensure the Board operates to the highest standards of corporate governance, taking into account its size and business model.

Appointment and Re-Election of Directors

Directors are appointed by the Shareholders and seek re-election at fixed periods in accordance with the Company’s Constitution.

Chief Executive Officer (CEO)

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The Board appoints one of its members to act as CEO and sets a mandate for the CEO which sets out the scope and limit of the responsibilities of that role. The CEO participates in all proceedings of the Board unless prevented from doing so by the Directors’ Code of Conduct.

Board Composition

The Board makes recommendations for any further appointments to the shareholders following a review of its composition annually, considering the number of directors and the mix of their qualifications, skills and expertise.

In accordance with current corporate governance practice, the Board comprises a balanced mix of executive, non-executive (NED) and independent non-executive directors (INED). A non-executive director is one who participates in the Board’s decision-making process but does not have responsibility for implementing those decisions. An independent non-executive director is a non-executive director who also meets all of the following criteria

- is not a substantial shareholder
- has not been an employee of the company in the last three years
- has not been a principal or an adviser to the company, or a consultant to the company in the last three years
- is not a material customer or supplier of the company
- has no contractual relationship with the Company

An executive director is a director who has a service contract with the Company.

Board Skills

The Directors collectively are appointed to create a mix of experience and outlook. An understanding of financial matters is expected and at least one NED or INED is appointed for their expertise in the Company’s main areas of business. Directors are required to devote such time as is necessary for them to carry out their duties.

Director Education

All Directors are encouraged to undertake continuous education in matters relevant to the Company.

Performance Evaluation of Board and Individual Directors

The Chairman of the Board will carry out an evaluation of the performance of individual Directors and the Board as a collective unit on an ongoing basis. The Chairman will consider the following criteria, but may add other criteria as he/she considers relevant

- attendance and level of participation at meetings
- contribution on key matters
- effectiveness of the Board as a whole in providing the Company with leadership and direction.

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Independence of Directors

The Directors are required to carry out their duties to the best of their ability and to act in good faith. In order to guide the Directors in discharging their duties in an independent and professional manner, the Company has developed a Directors’ Code of Conduct, which is included as Appendix 1 to this Board Charter.

Access to External Advice

Subject to prior consultation with the Chairman, or in his absence, another INED, a Director may seek independent professional advice on any topic which is subject to Board consideration, at the expense of the Company.

Board Meetings

Board Meetings are held five times a year and wherever possible, Directors are given substantial advance notice by the Company Secretary. However, there will be occasions when the Company’s business requires the Board to convene at short notice and Directors are required to make every reasonable effort to join the Meeting. Directors can attend meetings in person or by electronic means. Given the diverse geographical location of Directors’ places of residence, at least one Board meeting a year is held with all Directors attending in person.

Board papers, which are confidential, are circulated a minimum of three days in advance to Directors.

Payment to Non-Executive Directors

Payments to NEDs and INEDs are set annually, in advance, by the Board taking into consideration the number of meetings expected, any Board committee commitments and recognise the higher level of time commitment by the Chairman. The Board shall take into account market levels of remuneration in the areas of expertise and geographical location of the Director.

Company Secretary

The Board may appoint an executive Director, an employee of the Company or a duly qualified contractor to act as Company Secretary. The role of the Company Secretary will be set out in a written job description which shall be approved by the Chairman.

Committees of the Board

The Board may from time to time set up committees to discharge a specific element of its responsibilities, subject to ratification by the whole Board. The Board will take into account current best practice in determining the composition of its committees, specifically having regard to creating a majority of INEDs on any committee where it is appropriate to do so.

Appointment and Role of the Chairman of the Board

The Board will elect one of their number to serve as Chairman of the Board. Having regard for current best practice, the Company will seek to appoint a suitably qualified and experienced INED to this role. The Company will support

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the Chairman in his/her role by providing or covering the cost of such resources as the Chairman reasonably considers necessary.

Review Date and Publication

This Board Charter will be published on the Company’s website and will be made available free of charge to any shareholder by written request to the Company Secretary.

Approved by the Board

25 April 2013

Appendix 1

DIRECTORS’ CODE OF CONDUCT

Fiduciary Duties

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Directors acknowledge their fiduciary duties to the Company. The duty requires the Directors to act honestly, in the interests of the Board, the Company and all of its shareholders, and in the utmost good faith.

Avoidance of Conflict of Interest

Directors are required to advise the rest of the Board about any information they have which may affect a matter under consideration by the Board. Directors are not permitted to make a profit personally, or in any other way gain benefit from their position as a Director.

If a Director is unsure about whether he may have a conflict of interest, he is encouraged to discuss the matter with the Chairman.

Creation of Interests Register

The Company Secretary will maintain a register to record all interests declared by Directors.

Confidentiality

Directors must keep all matters relating to the Company’s business confidential. Directors must not use confidential information gained through their position in the conduct of their affairs to their advantage. All original Board documents, in whatever form, remain the sole property of the Company and are returnable on demand. Directors are entitled to access to, and copies of, all Board and Company documents, subject to Directors’ obligations of confidentiality, during their terms as Directors and for a period following their appointment term.

Public Statements

The public dissemination of information will be controlled in accordance with policies approved by the Board. Directors should not make public statements regarding the affairs of the Company without the agreement of the CEO.

Employee Code of Conduct

Directors are required to comply with the Employee Code of Business Conduct to the extent it applies to them.