



INNAMINCKA
PETROLEUM

CORPORATE GOVERNANCE
INNAMINCKA PETROLEUM

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BOARD AND GOVERNANCE CHARTER

This documents sets out the principles of governance of Innamincka Petroleum Limited (Innamincka) and the conduct of the Board. It is supported by the following specific charters and policies:

- Code of Conduct
- Continuous Disclosure Policy
- Securities Trading Policy
- Risk Management Policy
- Audit Committee Charter
- Remuneration Committee Charter

Commitment

The Company and the Board are committed to the achievement of high standards of integrity and governance in all aspects of Innamincka's activities. The principle obligation of Innamincka is to its shareholders through increasing shareholder wealth, and this is sought to be met while commensurately recognising the interests of employees, customers, creditors, the communities in which Innamincka operates, and other stakeholders.

Role of the Board

The key responsibilities of the Board are to:

- Review, advance and approve Innamincka's:
 - objectives and strategies,
 - exploration and development programmes, and
 - capital management.
- Monitor Innamincka's businesses, financial performance, and corporate governance.
- Oversee the financial position of Innamincka.

- Report to shareholders.
- Ensure effective control systems are in place.
- Appoint, and appraise, the Chief Executive Officer.
- Oversee the senior management team in terms of:
 - review of performance evaluation;
 - succession planning; and
 - remuneration.
- Establish a culture of high ethical, environmental, health and safety standards.
- Ensure the Board is effective.

Role of Management

The management of the business of Innamincka is conducted by the Chief Executive Officer, as appointed by the Board, and by those other officers and employees to whom the management function is properly designated by the CEO.

The Board sets authorities for the CEO which are reviewed and updated as required.

A position description for the CEO, and any other executive Director, is developed and agreed between the Board and CEO, along with periodic statements of the objectives of the CEO.

Board Membership

The following principles have been adopted for the membership of the Board:

- The Board has a majority of Non-Executive Directors.
- The Chairman of Innamincka is a Non-Executive Director.

- If the Chairman is a substantial shareholder of Innamincka, another Non-Executive Director, who is not a substantial shareholder, is appointed as Lead Independent Director.
 - The Lead Independent Director takes over Chairmanship of the Board in any matter in which the Chairman may be perceived to have a conflict of interest with shareholders generally, and acts as the primary point of contact for any person who may have a concern in this regard.
- As required by law, the term of each Director (except the Managing Director) is limited to three years, with one-third of the Board being subject to re-election by shareholders at each Annual General Meeting.

Board Nomination

Nominations for the Board are considered by the Board as a whole. The Board aims to ensure that it always has an appropriate diversity of qualifications, experience and expertise, consistent with the objectives of Innamincka.

- Suitable candidates for the Board are identified for appointment having regard to the skills desired and skills represented.
- A formal letter of appointment is issued to all Directors.
- Annually the Chairman conducts a performance review of the Board focused on:
 - the overall effectiveness and competencies of the Board,
 - the availability and contribution of each individual Director,
 - effectiveness of Directors' training and orientation, and
 - succession planning.

Board Procedures

- Each Director is expected to declare any actual or potential conflict of interest.
- Where conflicts may arise, affected Directors absent themselves from Board deliberation and decisions.
- Non-Executive Directors regularly meet in private.
- Where reasonably necessary, Directors may obtain independent advice with prior notification to the Chairman.
- Directors are expected to be familiar with Innamincka's strategy, operations, financing and risks; Innamincka must arrange suitable orientation and training.
- Directors may access continuing education to ensure their skills and knowledge are up to date.
- Directors have a right to expect all information relevant to Innamincka's business and performance to be presented at Board meetings, and can access further information on request.
- Directors must maintain confidentiality of information learned by virtue of their position as Director.
- Non-Executive Directors must confirm they are able to devote such time as is necessary to carry out their duties on the Board.
- Directors advise the Chairman prior to accepting new appointments.

Company Secretary

In recognition of the key role played by the Company Secretary:

- The appointment of the Company Secretary must be approved by the Board.

- All Directors have direct access to the Company Secretary.
- The Company Secretary is expected to monitor Innamincka's corporate governance procedures, and advise of possible improvements.

Standards and Code of Conduct

It is the objective of the Board to foster a culture of high ethical and compliance standards.

To this end:

- Directors must act honestly, in good faith, with high standards of care, diligence and enquiry, and in the best interests of Innamincka as a whole.
- All Directors and employees must abide by Innamincka's Code of Conduct.
- Directors and senior management must not use their position to trade in Innamincka's securities, with all transactions being in accordance with Innamincka's Securities Trading Policy.

Financial Standards

Innamincka is committed to high standards of financial integrity and reporting.

- Financial reports are required to present a true and fair view, in all material respects, of Innamincka's financial condition and operating results.
- A sound and effective system of risk management and internal control is required, consistent with Innamincka's Risk Management Policy.
- An Audit Committee has been appointed to assist the Board in its consideration of financial policy and reporting.

Remuneration Standards

Innamincka's overriding remuneration principle is to provide a fair and sufficient incentive to attract, motivate and retain a high quality Board and management team, based upon rewarding performance which enhances shareholder value.

- The remuneration of the senior management team may contain the following components:
 - fixed salary and benefits,
 - a short term incentive based on individual performance, and
 - a long term incentive derived from consideration of the performance of both Innamincka and the individual.
- The remuneration of Non-Executive Directors consists solely of fixed fees.
 - Recognising the small capital base of Innamincka, and the high risk inherent in petroleum exploration and development, consideration may be given at a future time to equity based incentives for Non-Executive Directors, consistent with increasing shareholder wealth.
- Innamincka's Annual Report discloses all components of the remuneration of Directors, including advice of any discretionary incentive payments, and the remuneration of executives in accordance with prevailing applicable rules.
- A Remuneration Committee has been appointed to assist the Board in its consideration of remuneration policy and reporting.

Market Disclosure

In accordance with its obligations under relevant legislation:

- Innamincka keeps the market fully informed of information which may have a material effect of the price of Innamincka's shares.
- Disclosures are to be:
 - timely;
 - factual;
 - comprehensive; and
 - understandable
- Innamincka's Continuous Disclosure Policy sets the standards and procedures for information disclosure.

Shareholder Communications

Innamincka aims to ensure that shareholders are well informed of all major developments affecting Innamincka. This programme includes:

- Including in Innamincka's website:
 - Annual, half yearly and quarterly reports and accounts
 - Notices of general meetings
 - All media and stock exchange releases
 - Key policies
 - Committee charters
 - General Innamincka background
- Facilitating the full participation by shareholders at Innamincka's Annual General Meeting.
- Requiring the attendance of Innamincka's external auditor at the Annual General Meeting.

CODE OF CONDUCT

Innamincka expects a high level of honesty, care, fair dealing and integrity in the conduct of Innamincka's business activities. This policy sets forth the standards expected of all employees, inclusive of Innamincka's Directors.

- **Compliance:** All employees are expected to comply with the spirit and letter of all applicable laws, rules and regulations.
 - Employees are expected to understand the laws and regulations relevant to their work.
- **Conflicts:** Conflicts of interest are to be avoided, and any actual or potential conflicts are to be reported to Innamincka.
 - Employees are not to exploit their position with Innamincka for personal gain.
 - Employees are not to have a significant ownership interest in any enterprise which may compromise loyalty to Innamincka.
 - Employees have a duty to bring business opportunities identified through the use of Company property, information or position to the attention of Innamincka.
 - Employees are not to act in ways which may cause others to question their loyalty to Innamincka.
- **Fair Dealing:** All dealings with customers, suppliers, competitors, employees and other stakeholders in Innamincka are to be conducted on fair and reasonable terms.
- **Company Assets and Property:** All assets of Innamincka are to be properly used in the interests of Innamincka, and safeguarded from loss and misuse.
- **Confidential Information:** Confidential or commercially sensitive information is not to be disclosed without proper authorisation.
 - Continuous disclosure obligations are to be met in accordance with Innamincka's Continuous Disclosure Policy.
 - Securities trading must be conducted in compliance with Innamincka's Securities Trading Policy.
- **Employment Practices:** Innamincka subscribes to good employment practices, specifically:
 - All employment practices are to be fair and non-discriminatory.
 - A healthy and safe work place is to be maintained.
 - Environmental obligations and good practices are to be recognised and respected.
 - The privacy rights of all individuals associated with Innamincka are to be respected.
- **Gifts and Entertainment:** All business entertainment received or provided is to be reasonable and properly authorised.
 - Gifts may only be accepted which are not in cash or equivalent, of small value, and appropriate to the business relationship.
 - No employee will make offers of, or receive, bribes or other improper payments.
- **Reporting:** Any circumstance, which an employee believes, in good faith, to be a breach of a law or this Code, is to be brought to the attention of the employee's supervisor or to a more senior executive, who is in turn responsible for contacting senior management or the Company Secretary for guidance.
 - Any person reporting such breaches will be protected from retribution.
 - If reporting to a supervisor does not result in

satisfactory action, or is not considered likely to result in satisfactory action, any employee may report suspected breaches to the Chief Executive Officer, Chairman of the Audit Committee or Chairman of the Board.

- The Chief Executive Officer is responsible for periodic reports to the Board on the operation and effectiveness of this Code.



CONTINUOUS DISCLOSURE POLICY

Objectives

Innamincka's disclosure policy and procedures are designed to comply with all applicable laws and regulations, and to ensure that investors can readily:

- Have sufficient information to ascribe a fair value to Innamincka's securities;
- Understand Innamincka's objectives and strategies; and
- Examine Innamincka's financial position and growth prospects.

In this context, the legitimate information needs of investors are balanced with Innamincka's need to retain confidentiality of commercially sensitive or proprietary information.

Principles

In accordance with regulatory requirements, Innamincka will immediately disclose information if a reasonable person would expect that information to have a material effect on the price of Innamincka's securities.

Material information may not be disclosed where it would be in the best interests of Innamincka, and all of the following requirements are met:

- A reasonable person would not expect the information to be disclosed; and
- The information is confidential; and
- One or more of the following conditions apply:
 - Disclosure would breach the law;
 - It is part of an incomplete proposal or negotiation;
 - It comprises matters of supposition or is indefinite;
 - It is generated for internal management purposes;

- It is a trade secret.

These exemptions are those applicable to Innamincka under the listing rules of the Australian Stock Exchange.

As soon as possible after disclosure to the Stock Exchange, all announcements will be posted on Innamincka's website.

Authorities

The Directors and officers of Innamincka with the authority to disclose information publicly are:

- Chairman
- Chief Executive Officer
- Company Secretary.

No other employee is to disclose material or commercially sensitive information about Innamincka to external parties (media, analysts, shareholders, potential investors, etc.) without authorisation from the Chairman or CEO.

Guideline to Employees

All employees who become aware of potentially price sensitive information which they reasonably consider may not be known to the Chief Executive or Board must immediately inform the Chairman, CEO or Company Secretary of that information.

Employees are encouraged and requested to consider carefully whether information in their possession might fall into this category, and to seek the guidance of the Company Secretary if they are in any doubt.

No employee may respond to queries from the general media or analysts without the authority of the CEO, and all such queries should immediately be referred to the CEO, Chief Financial Officer or Company Secretary.

Market Speculation

It is the policy of Innamincka not to comment upon market rumours or speculation.

If it is assessed to be in the best interest of shareholders, Innamincka reserves the right to make comment if information is factually incorrect or misinterpreted.

Additionally, Innamincka will comment on market rumours if asked to do so by the Stock Exchange because there could be a false market in Innamincka's securities.

Communications with Financial Markets

Innamincka will treat all legitimate requests for information equally, and respond in as timely a manner as feasible. However, as a general rule, no briefings will be made within two months of the scheduled date of release of Innamincka's half yearly and annual financial results, unless made in relationship to a specific ongoing exploration or development programme.

Group briefings, including participation in investor conferences and roadshows, may be made by Innamincka. All presentation materials used in such briefings will be lodged with the Stock Exchange prior to commencement of the briefing, and posted on the website.

One-to-one briefings may be conducted periodically by the Chairman or CEO, or a designate of the CEO, to provide background information and elaborate upon previously disclosed information. No selective or differential disclosure of material information is permitted. Where possible, two company representatives will attend such briefings.

If material information is inadvertently disclosed at any briefing, that information will be formally disclosed to the Stock Exchange immediately after the briefing,

Draft Analyst Reports

When reviewing analysts' financial models or draft research reports, material comments will be confined to information Innamincka has publicly issued.

It may be appropriate to provide comment where the report has overlooked certain previously disclosed facts or trends related to historical performance or public information.

Innamincka may question assumptions that the analyst used to reach conclusions, based on previously disclosed information, but not the conclusions themselves.

Oversight

The Company Secretary has been assigned responsibility for the oversight to Innamincka's disclosure policy and actions.

All queries in relationship to this policy should be made, in the first instance, to the Company Secretary.

The Company Secretary is responsible for periodic reports to the Board on the operation and effectiveness of this Policy.

SECURITIES TRADING POLICY

Scope

This policy provides guidance to Directors and employees on the purchase and sale of securities of Innamincka:

- in order that breaches of the Corporations Act do not occur; and
- to ensure dealings by Directors and employees in Innamincka's securities are fair, and are seen to be fair.

Employees requiring further information or guidance should contact their supervisor or the Company Secretary.

Prohibitions

In accordance with the provisions of the Corporations Law, no employee or other person can trade in the securities of Innamincka while in possession of "inside information", either directly or through another person.

Directors and employees should never communicate inside information to any other person.

Inside information is information which a person knows, or reasonable ought to know:

- is not generally available; and
- might have a material effect on the price of Innamincka's securities if it was generally available.

Breaches of the insider trading rules may lead to criminal and civil liabilities, and dismissal from Innamincka.

Policy for Directors and Officers

For the purposes of this policy an Officer is an employee who reports to the Chief Executive Officer, an Executive Director, or any other employee so designated by the CEO.

- Directors and Officers may not engage in the short term trading of the securities of Innamincka, i.e. a purchase and sale of the same securities within a six month period.
 - In very limited circumstances, such as the exercising of options in employee share ownership plans, this requirement may be relaxed at the discretion of the Board.
- Subject at all times to not being in possession of inside information, Directors and Officers may deal in Innamincka's securities during the five week period commencing two business days after:
 - announcement of Innamincka's full year financial results, and
 - announcement of Innamincka's half year financial results, and
 - the Annual General Meeting of Innamincka.
- Directors and Officers are encouraged to give prior notification to the Company Secretary of any proposed dealing in Innamincka's securities.
- Approval to trade outside these windows will only be granted in exceptional personal circumstances, or immediately following a protracted period of inability to trade as a result of an exploration programme, upon prior notice to and approval from:

- in the case of Directors, the Chairman;
 - in the case of the Chairman, the Chairman of the Audit Committee;
 - in the case of Officers, the CEO.
- Unless specifically advised to the contrary, Directors and Officers may acquire or sell shares outside the specified windows through a general offer to all shareholders, such as a Dividend Reinvestment Plan, a Share Purchase Plan, or a general buy-back offer.
 - Employees who have or may receive options, rights or similar instruments over Innamincka's securities may not enter into transactions in associated products without the prior approval of the Board.

Reporting Obligations

Directors and Officers are to advise the Company Secretary as soon as possible after a trade has occurred.

In the case of Directors, notice must be given in sufficient time so that the Company Secretary can advise, on their behalf, the Australian Stock Exchange within the required five business days.

RISK MANAGEMENT POLICY

Principles

Risk recognition and management are viewed by Innamincka Petroleum as integral to the company's objectives of creating and maintaining shareholder value, and the successful execution of Innamincka's strategies in petroleum exploration and development.

The board as a whole is responsible for oversight of the processes by which risk is considered for both ongoing operations and prospective actions. In specific areas, it is assisted by the Audit Committee and the Safety & Environment Committee.

Management is responsible establishing procedures which provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Not all aspects of risk management can be formalised, and Innamincka places considerable reliance on the skill, experience and judgement of its people to take risk managed decisions within the policy framework, and to communicate openly on all risk related matters.

Risk Framework

Key elements of the framework for the management of risk by Innamincka are:

- Oversight of the company's financial affairs by the Audit Committee.
- The formulation of programmes for exploration and development.
- Regular reporting against established targets.
- Approval guidelines for exploration and capital expenditure.
- Regulatory compliance programmes and reporting in key areas such as safety and environment.

- Management of capital and financial risk.
- An annual insurance programme.
- Oversight of the conduct of contractors.

Risk Evaluation and Control

The management team, under the leadership of the Managing Director, is requested to draw together from within their ranks a group who periodically meet to identify and assess specific business risks. The group has experience in all of Innamincka Petroleum' activities and is broadly conversant with Innamincka Petroleum' business plans, objectives and values.

Based on reviews of each segment of Innamincka's business, an overall profile of the risks of Innamincka is established.

- Identified risks are assessed in terms of potential consequences and likelihood.
- Risks are ranked in accordance with their likely impact.
- The acceptability of each identified risk is assessed.
- Proposed actions to eliminate, reduce or manage each material risk are considered and agreed.
- Responsibilities for the management of each risk are assigned.

The overall results of this assessment are presented to the Board at least annually, and updated as needed.

Periodic review is made at least annually of the effectiveness and suitability of the risk management plan.

SAFETY & ENVIRONMENT COMMITTEE

Scope and Purpose

The Safety and Environment Committee provides assistance to the Board in all matters related to environmental and occupational health and safety compliance and issues.

The Company is committed to compliance with all relevant laws and regulations and continual assessment of its operations to ensure the protection of the environment, the community and the health and safety of its employees.

The Company uses Contractors extensively. Contractors are required to submit their safety, environmental and disaster recovery procedure as part of the due diligence to be conducted prior to letting a contract.

Composition

- **Membership:** One Independent Director, Managing Director, Operations Manager and Engineering Manager
- **Chair:** Managing Director
- **Secretary:** Company Secretary

Responsibilities

- Review the adequacy of compliance with all regulatory requirements in respect of the environment and occupational health and safety.
- Monitor the management of identified risks, highlight new risks and review the actions to be taken for their control.
- Support the culture of safe working practices and concern for the environment throughout the Company.

- Review any serious injury or major environmental incident.
- Review proper practices followed by all contractors.

Processes

- The Committee meets every 3 months, and more frequently as necessary.
- Upon notification to the Chairman of the Company, the Committee may engage the services of independent experts to assist in its deliberations.
- Minutes of each meeting are presented to the Board at its next regularly scheduled meeting.

AUDIT COMMITTEE CHARTER

Scope and Purpose

The Audit Committee provides advice and assistance to the Board in fulfilling the Board's responsibilities relating to:

- the Company's financial statements,
- financial and market reporting processes,
- internal accounting and financial control systems,
- internal control,
- external audit, and
- such other matters as the Board may request from time to time.

Composition

- **Membership:** All Non-Executive Directors of the Board.
- **Chair:** An independent Director, nominated by the Board, who may not be Chairman of the Board.
- **Qualifications:** The Board aims to ensure the Committee has sufficient business, industry and financial experience to act effectively. At least one member must have accounting or related financial management expertise.
- **Secretary:** The Company Secretary.

Responsibilities

- **Standards and Quality:** The Committee oversees the adequacy and effectiveness of the Company's accounting and financial policies and controls, including periodic discussions with management and external auditors, and seeks assurance of compliance with relevant regulatory and statutory requirements.

- **Financial Reports:** The Committee oversees the Company's financial reporting process and reports on the results of its activities to the Board. Specifically, the Committee reviews, with management and the external auditor, the Company's annual and interim financial statements and reports to Shareholders, seeking assurance that the external auditor is satisfied with the disclosures and content of those financial statements.
- **External Audit:** The Committee discusses with the external auditors the overall scope and plans for their audit activities, including staffing, contractual arrangements and fees. It reviews all audit reports provided by the external auditor. The Committee also specifically reviews any proposed activity or service by the providers of the external audit unrelated to external audit assurance activities.
- **Appointment of External Auditor:** The Board appoints the external auditor. The Committee reviews the performance of the external auditor annually, and can recommend to the Board any changes to the selection it deems appropriate.
- **Internal Control:** The Committee examines the adequacy of the nature, extent and effectiveness of the internal control processes of the Company.
- **Risk Management:** While the oversight of the risk management framework of the Company is a responsibility of the Board as a whole, the Committee considers the risk implications of all matters it considers, and ensures these are reflected in the overall risk management activities of the Company.

Processes

- **Communications:** The Committee maintains free and open communications with the external auditors and management. The Committee regularly meets with the external auditors without representatives of management to discuss the adequacy of the Company's disclosures and policies, and to satisfy itself regarding the external auditor's independence from management.
- **Reporting:** The issues discussed at each Committee meeting are reported at the next Board Meeting.
- **Access:** In exercising its oversight role, the Committee may investigate any matter relevant to its charter or relating to its role and scope, and for this purpose has full access to the Company's records, personnel and any required external support.
- **Standards:** The Committee reviews, and may recommend to the Board any necessary action to uphold, the overall quality of the Company's financial reporting and practices.
- **Charter:** The Committee reviews and reassesses this Charter at least annually, and recommends any changes it considers appropriate to the Board.
- **Special Reviews:** The Committee may undertake any other special duties as requested by the Board.

REMUNERATION COMMITTEE CHARTER

Scope and Purpose

The Remuneration Committee provides assistance to the Board in relation to:

- Remuneration policies and practices.
- Remuneration of the Chief Executive Officer, other senior executives, and Non-Executive Directors.

Composition

- **Membership:** Minimum of three Directors.
- **Independence:** Majority of the Committee to be Non-Executive Directors.
- **Chair:** A Non-Executive Director, who may be Chairman of the Board
- **Secretary:** The Company Secretary.

Responsibilities

The Remuneration Committee reviews and recommends to the Board:

- Remuneration and incentives policies for Innamincka.
- Design and application of equity based incentive plans requiring shareholder approval.
- Remuneration of the Chief Executive Officer, including linkages to specific goals and objectives.
- Remuneration policy guidelines for other senior executives.
- Recruitment, retention and termination policies and procedures for senior management.
- Contractual arrangements for senior executives.

- Superannuation policies.
- Remuneration of Non-Executive Directors.

Processes

- The Committee may conduct any special reviews deemed necessary to fulfil its responsibilities.
- Upon notification to the Chairman of the Board, the Committee may engage the services of independent experts to assist in its deliberations.
- The Committee meets at least annually, and more frequently as necessary.
- Minutes of each meeting are presented to the Board at its next regularly scheduled meeting.

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