



# CORPORATE GOVERNANCE

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## BOARD & GOVERNANCE CHARTER

This documents sets out the principles of governance of Acer Energy Limited (Acer Energy) 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 Acer Energy's activities. The principle obligation of Acer Energy 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 Acer Energy operates, and other stakeholders.

### Role of the Board

The key responsibilities of the Board are to:

- Review, advance and approve Acer Energy's:
  - objectives and strategies,
  - exploration and development programmes, and
  - capital management.
- Monitor Acer Energy's businesses, financial

performance, and corporate governance.

- Oversee the financial position of Acer Energy.
- 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 Acer Energy 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 Acer Energy is a Non-Executive Director.
- If the Chairman is a substantial shareholder of Acer Energy, 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 Acer Energy.

- 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 Acer Energy’s strategy, operations, financing and risks; Acer Energy 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 Acer Energy’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.
- The Company Secretary is expected to monitor Acer Energy’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 Acer Energy as a whole.
- All Directors and employees must abide by Acer Energy’s Code of Conduct.
- Directors and senior management must not use their position to trade in Acer Energy’s securities, with all transactions being in accordance with Acer Energy’s Securities Trading Policy.

### Financial Standards

Acer Energy 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 Acer Energy’s financial condition and operating results.
- A sound and effective system of risk management and internal control is required, consistent with Acer Energy’s Risk

### 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.



Management Policy.

- An Audit Committee has been appointed to assist the Board in its consideration of financial policy and reporting.

### Remuneration Standards

Acer Energy'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 Acer Energy and the individual.
- The remuneration of Non-Executive Directors consists solely of fixed fees.
  - Recognising the small capital base of Acer Energy, 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.
- Acer Energy'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:

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

### Shareholder Communications

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

- Including in Acer Energy'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 Acer Energy background
- Facilitating the full participation by shareholders at Acer Energy's Annual General Meeting.
  - Requiring the attendance of Acer Energy's external auditor at the Annual General Meeting.



## CODE OF CONDUCT

Acer Energy expects a high level of honesty, care, fair dealing and integrity in the conduct of Acer Energy's business activities. This policy sets forth the standards expected of all employees, inclusive of Acer Energy'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 Acer Energy.
  - Employees are not to exploit their position with Acer Energy for personal gain.
  - Employees are not to have a significant ownership interest in any enterprise which may compromise loyalty to Acer Energy.
  - Employees have a duty to bring business opportunities identified through the use of Company property, information or position to the attention of Acer Energy.
  - Employees are not to act in ways which may cause others to question their loyalty to

Acer Energy.

- **Fair Dealing:** All dealings with customers, suppliers, competitors, employees and other stakeholders in Acer Energy are to be conducted on fair and reasonable terms.
- **Company Assets and Property:** All assets of Acer Energy are to be properly used in the interests of Acer Energy, 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 Acer Energy's Continuous Disclosure Policy.
  - Securities trading must be conducted in compliance with Acer Energy's Securities Trading Policy.
- **Employment Practices:** Acer Energy 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 Acer Energy 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

Acer Energy'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 Acer Energy's securities;
- Understand Acer Energy's objectives and strategies; and
- Examine Acer Energy's financial position and growth prospects.

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

### Principles

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

Material information may not be disclosed where it would be in the best interests of Acer Energy, 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 Acer Energy 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 Acer Energy's website.

### Authorities

The Directors and officers of Acer Energy 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 Acer Energy 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 reasonable 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 Acer Energy not to comment upon market rumours or speculation.

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

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

### Communications with Financial Markets

Acer Energy 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 Acer Energy'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 Acer Energy. 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 Acer Energy 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.

Acer Energy 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 Acer Energy'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 DEALING POLICY

### Purpose

The purpose of this policy is to prevent **Acer Energy Limited (ACN)** and its employees from breaching legislative prohibitions on insider trading by dealing in the Securities of ACN or other companies while in possession of inside information.

The policy outlines where ACN Employees may deal in ACN Securities, or the Securities of other companies.

The definition of Securities includes shares in a company and instruments such as exchange traded options and warrants.

### Application

This Policy applies to:

- ACN's Directors;
- Employees of ACN and its related bodies corporate; and
- Contractors and Consultants engaged by ACN who, in the course of their engagement with ACN, come in possession of inside information about ACN or another company.

In this policy, all of these people are referred to as ACN Employees.

Additional responsibilities apply to ACN Directors, Executive Officers and others identified as Designated Officers.

Aspects of this Policy also extend to associates of ACN Employees, such as family members or companies and other entities controlled by ACN Employees and their associates.

If you are unsure about how this policy applies to you or to any instrument you wish to deal in, you should seek assistance from the Company Secretary before you deal in the instrument.

### The Law against Insider Trading

The Corporations Act prohibits a person from dealing, or procuring other persons to deal, in the Securities of a company if the person:

- possesses inside information about the company; and
- knows, or ought to reasonably know, that the information is inside information.

For ACN Employees, this prohibition applies to dealing in ACN Securities. It can also apply to dealing in Securities of another company where an ACN Employee is in possession of inside information about that other company in the course of their employment with ACN.



### *What is inside information?*

Inside information is information about a company that is not generally available to the market and that, if it were to be made generally available to the market, would reasonably be expected to have a material effect on the price or value of Securities issued by the company (ie. information that is “price sensitive”).

Information is generally available if:

- it consists of readily observable matter; or
- it has been publicly disclosed by an announcement to the ASX and a reasonable period for its dissemination among investors has elapsed; or
- it consists of deductions, conclusions or inferences made or drawn from other generally available information.

ACN has legal obligations to immediately disclose to the market all information which would reasonably be expected to have a material effect on the price or value of its Securities. However, there are circumstances where information of this kind is not required to be disclosed, particularly if it relates to an incomplete proposal or to matters which are insufficiently definite to warrant disclosure.

Examples of information that might be inside information include information about:

- ACN’s financial performance, particularly in comparison with forecast results or market expectations;
- a substantial transaction under consideration;
- an actual or proposed change to capital structure, including a share issue or a debt refinancing;
- a material claim or unexpected liability.

### *What is dealing in Securities?*

You deal in Securities if you acquire or dispose of any economic interest in those Securities. This includes:

- acquiring or disposing of the Securities
- entering into an agreement to acquire or dispose of the Securities; or
- granting, accepting, acquiring, disposing, exercising, or discharging an option or other right or obligation to acquire or dispose of the Securities.

### *Consequences of breaching prohibition against insider trading*

Insider trading is a criminal offence and may attract substantial fines or imprisonment. Civil penalties may also apply, including the payment of compensation to any person who has suffered loss or damage because of insider trading.

ACN Employees who fail to adhere to the requirements of this Policy may face disciplinary action.



The Australian Securities Exchange (ASX), the Australian Securities and Investments Commission (ASIC), and external governance advisers all monitor ACN's compliance with this Policy. Breaches of the Policy by ACN Employees can have material adverse consequences for ACN's reputation with the ASX and ASIC, and with the investment community at large.

### *Employee Equity Incentive Scheme*

As a result of an exception under the Corporations Act, the insider trading prohibitions do not apply to prevent an ACN Employee (other than a non-executive Director) who is in possession of inside information from applying for ACN Securities under an ACN employee equity incentive scheme, or acquiring ACN Securities under such an application.

This means that the insider trading prohibition will generally **not** apply to the acquisition by such an ACN Employee of ACN Securities (including the acquisition of shares in ACN upon exercise of options to subscribe for shares) under any ACN employee equity incentive scheme (e.g. the ACN Employee Share Option Plan or the ACN Employee Share Plan).

However, the legal prohibitions **will** still prevent an ACN Employee from:

- communicating inside information to any other person; or
- subsequently, disposing of the Securities (for example, by selling ACN shares on-

market) until the inside information has become generally available (e.g. released to the market).

In this context, it should be noted that this Policy imposes additional requirements in relation to the operation of ACN's employee equity incentive schemes. They are set out in the "*Exceptional Circumstances*" section of this Policy.

### *ACN's Policy Positions*

#### *Prohibited Dealing in ACN Securities*

ACN Employees must not deal in ACN Securities at any time if they are in possession of inside information about ACN.

Subject to "*Exceptional Circumstances*" below in this Policy, ACN Employees also must not deal in ACN Securities during any of the following blackout periods:

- the period between 1 July and the close of business on the second day after ACN announces its Preliminary Final Results (Appendix 4E);
- the period between 1 January and the close of business on the second day after ACN announces its Half Year Results (Appendix 4D);
- the period between 1 April and the close of business on the second day after ACN announces its Quarterly Activities Report for the March Quarter;
- the period between 1 October and the close of business on the second day after



ACN announces its Quarterly Activities Report for the September Quarter;

- the period ending at the close of the third day after ACN announces price sensitive information.

### *Permitted Dealing in ACN Securities*

Subject to additional requirements set out below, ACN Employees may deal in ACN Securities at any other time. These additional requirements relate mainly to ACN Employees who are Designated Officers.

### *Dealing in Securities of other companies*

From time to time, ACN will be engaged in activities which might result in inside information about another company becoming available to some ACN Employees because of their role or position with ACN. For example:

- another company may provide information about itself, or about a third company, to ACN in the course of a proposed transaction;
- ACN may be considering a transaction which, if implemented, may have an effect on another company and the value of that company's Securities;
- ACN may receive information about the financial or operating performance of a company that ACN has a joint venture with or an investment in.

ACN employees must not deal in Securities of another company if they are in possession of inside information about that other company.

### *Short-term or speculative dealing*

ACN encourages ACN Employees to be long-term investors in ACN Securities and to act in a way that promotes growth in long-term returns for all holders of ACN Securities. Speculation in short-term fluctuations in the value of ACN Securities does not promote market confidence in the integrity of ACN or ACN Employees.

ACN Employees must not deal in ACN Securities as a short-term trader or on a speculative basis. ACN Employees who acquire ACN Securities must not dispose of those Securities, or enter into arrangements (such as margin loans) which could result in those Securities being disposed of, within 6 months of acquisition.

This prohibition does not apply to Securities acquired as a result of the exercise of an option or similar right where the option or right has been held for at least 6 months. This prohibition also does not apply to ACN shares acquired by ACN Employees under ACN's Employee Share and Option Schemes.

### *Derivatives*

ACN may grant ACN shares, options or performance rights to ACN Employees as part of their remuneration entitlements. These grants will usually be subject to the satisfaction of performance hurdles before they vest in the ACN Employee.

The use of Derivatives over unvested ACN Securities has the potential to allow ACN



Employees to realise value from those Securities even if the performance hurdles have not been satisfied. This would undermine the intended alignment between the performance of ACN Employees and the interests of ACN shareholders.

ACN Employees are not permitted to use Derivatives in relation to any unvested ACN Securities. For this purpose, a Derivative includes any option, forward contract, swap, futures contract or warrant, or any other arrangement, which itself or in combination with one or more other Derivatives would have the effect of providing an ACN Employee with greater benefit than would otherwise have been realised in respect of the unvested ACN Securities.

ACN Employees may use Derivatives in relation to ACN Securities which have vested, provided they have the prior written approval of the Board and any dealing in those Derivatives complies with the other requirements of this Policy.

### Specific Rules for Designated Officers

#### *Who is a Designated Officer?*

Additional safeguards are necessary to avoid the potential for adverse public perceptions of ACN as a result of dealings in ACN Securities by ACN Employees in senior roles. For the purposes of this Policy, these ACN Employees are Designated Officers.

A Designated Officer is an ACN Employee who is:

- an ACN Director
- a member of ACN's Executive Team; or

Other ACN Employees may also occupy a position, or perform a role, which may attract public scrutiny of dealings by those ACN Employees in ACN Securities. The Chief Executive Officer may, from time to time, designate any ACN Employee to be a Designated Officer for the purpose of this Policy.

#### *Dealings in ACN Securities by Designated Officers*

Any Designated Officer who proposes dealing in ACN Securities must, before the dealing occurs, notify the Company Secretary of the proposed dealing in writing (or by email) setting out the full details of the proposed dealing including:

- Name of security holder;
- Proposed date of dealing;
- Type of proposed transaction (purchase, sale, etc); and
- Number of securities involved.



The Designated Officer must not undertake the proposed dealing until it has been approved in writing (or by email) in accordance with the following protocol:

<u>Dealing to be undertaken by:</u>	<u>Dealing to be approved by:</u>
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A non-executive Director or Company Secretary	Chairman of the Board
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Chairman of the Board	Chairman of the Audit Committee
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Chief Executive Officer	Chairman of the Board
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Chief Financial Officer	Chairman of the Board
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Member of Executive Team	Chief Executive Officer
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All other Designated Officers	Chief Executive Officer
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An approval to undertake the proposed dealing will be valid for two (2) weeks (but completion of the proposed dealing must not

occur during a blackout period and must otherwise comply with the requirements of this Policy.

The requirements for Designated Officers to seek approval before dealing in ACN Securities do not apply to:

- the acquisition of Securities under ACN's Employees under ACN's Employee Share and Option Schemes;
- the acquisition of shares under a Dividend Reinvestment Plan;
- participation in an offer or invitation made to all or most of the security holders, eg. Rights issues and Share Purchase Plans.

*Restrictions applicable to associates of Designated Officers*

This Policy extends to associates of Designated Officers in relation to dealing in ACN Securities. A Designated Officer's associates include family members or companies and other entities controlled by the Designated Officer. This means that a Designated Officer must take all steps reasonably necessary for the Designated Officer's associates to:

- avoid dealing in ACN Securities during a blackout period;
- avoid dealing in ACN Securities as a short-term trader or on a speculative basis;
- notify the Company Secretary of, and seek approval for, proposed dealings in ACN Securities.

*Margin Loans*

Margin loans to support an investment in Securities have the potential to compromise an ACN Employee's ability to comply with this Policy or with the legal prohibition against insider trading. This is because the terms of a margin loan may require the sale of Securities during a blackout period (in relation to ACN



Securities) or at a time when the ACN Employee is in possession of inside information about ACN or another company in which the ACN Employee holds Securities.

ACN Employees are prohibited from entering into margin loan arrangements to fund the acquisition of ACN Securities or in relation to which ACN Securities may be used as a security against repayment of the loan.

The following requirements will apply to margin loans proposed to be obtained by a Designated Officer to acquire Securities of any other company in relation to which it is reasonably foreseeable that the Designated Officer could come into possession of inside information as a consequence of being an ACN Employee.

- The Designated Officer must provide notice of, and obtain approval for, the proposed margin lending arrangements following the process outlined in *“Dealings in ACN Securities by Designated Officers”* above in this Policy. Approval must be obtained before the margin lending arrangements are entered into.
- Similarly, the Designated Officer must ensure that the terms of the margin lending arrangements do not require, or allow for, Securities of any company to be disposed of at a time when the Designated Officer is in possession of inside information in relation to that company.
- The Designated Officer must promptly inform the Company Secretary in writing (or by email) of any margin call that is made

under the margin lending arrangements, and of the terms of that margin call.

#### *Notification by Directors of Dealing in ACN Securities*

ACN is required to notify the ASX within 5 business days of any dealings by ACN Directors in ACN Securities. To allow ACN to meet its ASX obligations, ACN Directors must notify the Company Secretary as soon as practicable (and, in any case, no later than 2 business days) after the dealing occurs.

The Company Secretary will notify the ASX of the Director’s dealing in ACN Securities using Appendix 3Y as required by the ASX Listing Rules. The Company Secretary will promptly provide all Directors with a copy of each Appendix 3Y sent to the ASX.

#### *Exceptional Circumstances*

##### *Exemption to allow dealings during blackout periods*

The Company Secretary has the discretion to give approval to an ACN Employee to dispose of ACN Securities during a blackout period if both of the following conditions are satisfied:

- the ACN Employee is experiencing genuine financial hardship or there are other exceptional circumstances; and
- the ACN Employee is not actually in possession of inside information about ACN.



AN ACN Employee seeking approval to dispose of ACN Securities during a blackout period should do so in accordance with procedures set out in *“Dealings in ACN Securities by Designated Officers”* of this Policy. Full details of why the ACN Employee considers that exceptional circumstances exist should be included.

The Company Secretary must maintain a record of all approvals given to sell ACN Securities during a blackout period.

The Company Secretary must promptly inform the Board of all instances where approval has been given to an ACN employee to sell ACN Securities during a blackout period.

#### *Participation in employee equity incentive schemes*

*“Employee equity incentive scheme”* of this Policy, summarises the application of the insider trading laws to the operation of ACN’s Employee equity incentives schemes. ACN Employees must comply with those laws in connection with their participation in ACN’s Employee equity schemes.

Subject to the insider trading laws, this Policy does not prevent an ACN Employee from accepting an invitation to participate in an ACN Employee equity incentive scheme, regardless of when the offer is made or even if the acceptance falls within a blackout period. In addition, an ACN Employee may acquire an ACN Security pursuant to an ACN Employee equity incentive scheme (including as a result of the exercise of an option) during a blackout

period. However, any subsequent dealings with the ACN Security will be subject to the requirements of this Policy, including the restrictions that apply during blackout periods.

An ACN Employee may also transfer a vested ACN Security to a family member, a company controlled by the ACN Employee or a superannuation fund of which the ACN Employee is a beneficiary during a blackout period, if that transfer is permitted by the relevant ACN Employee equity incentive scheme.

#### *Dealings in accordance with shareholder approval*

This Policy does not prevent the issue of an ACN Security to an ACN Employee if the issue is in accordance with an approval that has been given by ACN in general meeting.

#### *Other Matters*

##### *Date of effect*

This Policy has been approved by ACN’s Board and has effect from 28 April 2011.

##### *Further Information about this Policy*

If you have any questions about the application of this Policy to you, please contact the Company Secretary.



## Glossary

Terms used in this Policy have the meaning set out below:

**ACN** means Acer Energy Limited (ACN 101 313 777)

**ACN Board** means the board of directors of ACN

**ACN Employees** means each director, officer and employee of ACN or its related bodies corporate (within the meaning of section 50 of the Corporations Act), and each contractor and consultant to ACN or its related bodies corporate who are contractually bound to comply with this policy.

**ACN Executive Team** means ACN Employees who hold a senior management role and who are direct reports to ACN Chief Executive Officer.

**associate** in relation to an ACN Employee means:

- a member of the ACN Employee's immediate family; and
- a company or other entity controlled by the ACN Employee or a member of their immediate family.

**blackout period** means each of the following periods:

- the period between 1 July and the close of business on the second day after ACN announces its Preliminary Final Results (Appendix 4E)/Financial Results;

- the period between 1 January and the close of business on the second day after ACN announces its Half Year Results (Appendix 4D);
- the period between 1 April and the close of business on the second day after ACN announces its Quarterly Activities Report for the March Quarter;
- the period between 1 October and the close of business on the second day after ACN announces its Quarterly Activities Report for the September Quarter;
- the period ending at the close of the third day after ACN announces price sensitive information.

**Company Secretary** means the Company Secretary of ACN from time to time. This is currently Leni Stanley who can be contacted at [leni.stanley@sya.com.au](mailto:leni.stanley@sya.com.au) or on (07) 3221 6022.

**Corporations Act** means the *Corporations Act 2001 (Cth)*, as amended.

**deal** or **dealing** in relation to Securities means to acquire or dispose of any economic interest in those Securities. The term is intended to be interpreted broadly and includes:

- acquiring or disposing of the Securities;
- entering into an agreement to acquire or dispose of the Securities; or
- granting, accepting, acquiring, disposing, exercising, or discharging an option or other right or obligation to acquire or dispose of the Securities.

**Derivatives** has the meaning given in Section 761D of the Corporations Act and includes



options, forward contracts, swaps, future contracts and warrants and any combination of one or more of these things.

**Designated Person** means an ACN Employee who is:

- an ACN Director
- a member of ACN's Executive Team; or
- any person designated by the Chief Executive Officer as a Designated Officer in accordance with "*Who is a Designated Officer*" of this Policy.

**inside information** in relation to a company means information about the company that is not generally available and that, if it were to be made generally available, would reasonably be expected to have a material effect on the price or value of Securities issued by the company.

**Securities** include shares, options, rights, debentures, interests in a managed investment scheme, Derivatives, and financial products covered by section 1042A of the Corporations Act.



## RISK MANAGEMENT POLICY

### Principles

Risk recognition and management are viewed by Acer Energy as integral to the company's objectives of creating and maintaining shareholder value, and the successful execution of Acer Energy'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 for 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 Acer Energy 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 Acer Energy 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 Acer Energy's activities and is broadly conversant with Acer Energy's business plans, objectives and values.

Based on reviews of each segment of Acer Energy's business, an overall profile of the risks of Acer Energy 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 & 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.

- 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.

### Composition

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

### 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.

### Responsibilities

- Review the adequacy of compliance with all regulatory requirements in respect of the environment and occupational health and safety.



## 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.
- **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.

### Responsibilities



- **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.
- **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.

### 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.



## REMUNERATION COMMITTEE CHARTER

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### 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.
- 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.

### Composition

- Membership: Minimum of three Directors.
- Independence: Majority of the Committee to be Non-Executive Directors.
- Chair: A Non-Executive Director, who maybe be Chairman of the Board
- Secretary: The Company Secretary.
- Contractual arrangements for senior executives.
- Superannuation policies.
- Remuneration of Non-Executive Directors.

### Responsibilities

The Remuneration Committee reviews and recommends to the Board:

- Remuneration and incentives policies for Acer Energy.
- Design and application of equity based incentive plans requiring shareholder approval.
- 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.

