

# Mosman Oil and Gas Limited

## Corporate Governance Statement

Last reviewed on 28 September 2018

This Corporate Governance Statement (“CGS”) has been prepared by the Chairman of the Company in accordance with the recommendations of the QCA Corporate Governance Code 2018 (the “Code”). The CGS explains how the 10 Principles of the QCA Code are applied by the Company and where it departs from the QCA Code an explanation of the reasons for doing so is provided.

The information will need to be reviewed annually and the website should include the date on which the information was last reviewed. Going forward this is likely to be done reviewed at the same time as the Annual Report and Accounts are prepared.

## Role of the Chairman and application of the QCA Code

Responsibility for corporate governance lies with the Chairman and the Board has a collective responsibility and legal obligation to promote the long-term success of the Company.

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board of Directors of Mosman Oil and Gas Limited (the “Company”) has established high standards for the Company’s employees, officers and directors. It is the duty of the Board of Directors to oversee the management of the Company’s business and to ensure the Company as a whole and the Company’s representatives behave in a manner that is fitting of the Company’s high corporate and social responsibilities. To discharge this duty, the Board of Directors follows the procedures and standards that are contained in the Corporate Governance Guidelines established through the UK Quoted Company (“QCA”) corporate governance code.

	<b>QCA Code Recommendation</b>	<b>Application by the Company</b>
1.	<p><b>Principle 1</b></p> <p><b>Establish a strategy and business model which promote long-term value for shareholders</b></p> <ul style="list-style-type: none"> <li>• The board must be able to express a shared view of the company's purpose, business model and strategy.</li> <li>• It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term.</li> <li>• It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.</li> </ul>	<ul style="list-style-type: none"> <li>• Mosman's strategic objective continues to be that of identifying opportunities which will provide operating cash flow and further development upside, in conjunction with adding value to the Company's existing exploration permits.</li> <li>• The current medium term focus through wholly owned subsidiary Mosman Oil USA Inc is on developing the existing production assets in the USA to deliver production increases and cash flow, which has included identifying key assets of production which have been inefficient and providing investment to increase the production rates at a well head level.</li> <li>• Longer term focus is on the acquisition of assets that will provide increasing production opportunities, which leads to higher value to shareholders. This is to be achieved by the acquisition of oil and gas field assets which have been under-producing of their potential, with the application of capital investment to produce higher production rates;</li> <li>• Australian projects are focused on early stage exploration and the identification of new potential production assets.</li> </ul>
2.	<p><b>Principle 2</b></p> <p><b>Seek to understand and meet shareholder needs and expectations</b></p> <ul style="list-style-type: none"> <li>• Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.</li> <li>• The board must manage shareholders'</li> </ul>	<ul style="list-style-type: none"> <li>• Mosman is keeps its shareholder base up to date via the Regulatory News Service (RNS) of the London Stock Exchange, as well as investor presentations and interviews, in an effort to communicate more information to shareholders. The Company attempts to maintain regular news flow and includes contact details on all its news releases to enhance the information it shares and to ensure ongoing dialogue with shareholders.</li> <li>• The Board views the Annual General Meeting as a forum for communication between the Company and all its shareholders and encourages and welcomes their participation in its agenda. The Directors attend the Annual General Meeting and are available to answer questions;</li> </ul>

	<p>expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<ul style="list-style-type: none"> <li>• The combination of these two avenues has increased the information flow to investors and increased the visibility of the vision of Mosman to shareholders. The Chairman takes a proactive approach to providing production data to the market to provide stakeholders with timely information;</li> <li>• Increased shareholder engagement with the Company has been sought by the dissemination of, in particular, production rates of the producing assets that are held by the Company;</li> <li>• The Directors maintain regular contact with significant shareholders and the Company works with its Broker in London as a point of contact for all shareholders, in order to gauge the needs and expectations of shareholders in the Company;</li> <li>• The company website is monitored and regularly updated to be a source of information to stakeholders.</li> </ul>
<p>3.</p>	<p><b>Principle 3</b></p> <p><b>Take into account wider stakeholder and social responsibilities and their implications for long-term success</b></p> <ul style="list-style-type: none"> <li>• Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.</li> <li>• Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be</li> </ul>	<ul style="list-style-type: none"> <li>• Other than shareholders, the Board has identified the Company's stakeholders to include staff, suppliers, customers, landowners, local governments and the wider community. The Company uses its local agents to liaise and work closely with all operational stakeholders in the business including suppliers, landowners, government authorities and workers;</li> <li>• Through Mosman Oil USA Inc, Mosman Operating LLC and Mosman Texas USA works with the local Texas Rail Road authorities to ensure compliance with local laws and regulations with respect to operated oil and gas production assets;</li> <li>• Wholly owned Mosman Oil &amp; Gas Limited (NZ Company) has worked with the New Zealand Petroleum &amp; Mining department to ensure compliance with local laws and regulations with respect to exploration and production permits held in NZ;</li> <li>• Through wholly owned Trident Energy Pty Ltd the group has also ensured good relations with the Northern Territory Department of Mines and Energy including compliance with annual reporting and expenditure obligations on permits owned by Trident. The required to work with traditional owners in the indigenous community to and coordinate rights of access and working with the indigenous community generally is also acknowledged as a key responsibility of the Company;</li> <li>• The entire group across all jurisdictions seeks to apply best practices for the protection of the environment and for the benefit of the local community;</li> </ul>

	<p>integrated into the company's strategy and business model.</p> <ul style="list-style-type: none"> <li>• Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</li> </ul>	<ul style="list-style-type: none"> <li>• The Company monitors social media platforms and blogging community websites regularly to identify the concerns raised by shareholders. The Chairman proactively engages with stakeholders and works to address any feedback in a timely manner.</li> </ul>
4.	<p><b>Principle 4</b></p> <p><b>Embed effective risk management, considering both opportunities and threats, throughout the organisation</b></p> <ul style="list-style-type: none"> <li>• The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.</li> <li>• Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</li> </ul>	<p>The Company and its directors have identified and keep under consideration the risks facing the Company and its subsidiaries ("the Group"). In view of the current position of the Company and its activities these are limited.</p> <p>The Board is responsible for putting in place and communicating a sound system to manage risk and implement.</p> <p>The key risks are also outlined in the analysis of risks contained in the companies annual report.</p> <p>Management determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:</p> <ul style="list-style-type: none"> <li>(a) establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;</li> <li>(b) continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;</li> <li>(c) formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and (monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.</li> </ul>

		<p>Within the identified risk profile of the Company, comprehensive practices are in place that are directed towards achieving the following objectives:</p> <ul style="list-style-type: none"> <li>(a) effectiveness and efficiency in the use of the Company's resources;</li> <li>(b) compliance with applicable laws and regulations; and</li> <li>(c) preparation of reliable published financial information.</li> </ul> <p>The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.</p>
5.	<p><b>Principle 5</b></p> <p><b>Maintain the board as a well-functioning, balanced team led by the chair</b></p> <ul style="list-style-type: none"> <li>• The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</li> <li>• The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</li> <li>• The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-</li> </ul>	<ul style="list-style-type: none"> <li>• In view of the size of the Company and limited activities and available management resourcing/responsibilities the company, there is currently only one NED on the Board of Mosman, Mr John Young;</li> <li>• Currently the balance of non-executive to executive directors does not comply with the QCA recommendations however the Board reviews the size and scale of company operations and requirements under review to ensure that this is appropriate for operations at the time. It is the intention of the Board to add further NED's as the complexity of operations increases;</li> <li>• The Company has one employee meaning that the available internal resources outside of the Board are limited;</li> <li>• The Executive Chairman Mr John Barr and Technical Director Mr Andy Carroll play an active role in the business taking on management and operational responsibilities;</li> <li>• The Group retains an outsourced Company Secretary/CFO who provides a level of independent review and added management and financial capability to assist the Board;</li> <li>• Remuneration for Director fees is separate to remuneration for additional consulting services performed as required meaning that Directors have the time and motivation to discharge their duties;</li> <li>• The time commitments for the Company's NEDs is approximately 20 hours per month;</li> <li>• There were 8 meetings held in FY18 with attendance as below: <ul style="list-style-type: none"> <li>○ John Barr – 8</li> <li>○ Andrew Carroll – 7</li> <li>○ John Young – 8</li> </ul> </li> </ul>

	<p>executive directors. Independence is a board judgement.</p> <ul style="list-style-type: none"> <li>• The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</li> <li>• Directors must commit the time necessary to fulfill their roles.</li> </ul>	<ul style="list-style-type: none"> <li>• An audit committee, comprising John W Barr and John Young has been established to operate with effect from Admission. The audit committee will determine the application of financial reporting and internal control principles, including reviewing the effectiveness of the Group’s financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit. The audit committee will be chaired by John W Barr;</li> <li>• A remuneration committee, comprising John Young and Andrew Carroll has also been established to operate with effect from Admission. It will review the performance of the executive directors and will set their remuneration, determine the payment of bonuses to executive directors and consider bonus and option schemes. Each of the executive directors will take no part in discussions concerning their remuneration. The remuneration committee is chaired by John Young. The remuneration of all directors will be reviewed by the board.</li> </ul> <p>Given the size of the Company the Board has agreed that appointments to the Board should be made by the Board as a whole so Mosman has not created a nominations committee.</p>
6.	<p><b>Principle 6</b></p> <p><b>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</b></p> <ul style="list-style-type: none"> <li>• The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.</li> <li>• The board should not be dominated by one person or a group of people. Strong personal bonds can be important</li> </ul>	<p>The existing board of directors brings a balance of skills and experience to the Company, including legal, financial, mining, petroleum engineering and market expertise. Details of each director are given in the biographies of each director in the annual report and within the Company’s web site below:</p> <p><a href="http://mosmanoilandgas.com/directors">http://mosmanoilandgas.com/directors</a></p> <p>Where the Board requires additional skills and experience to effectively perform their roles as directors the Company seeks input from professional and strategic advisors.</p> <p>All directors and external adviser information can be found within the Information on Directors section of the 2017 Annual Report page 9. This can be found on the Mosman website, as linked:</p> <p><a href="http://mosmanoilandgas.com/financial_information/2017">http://mosmanoilandgas.com/financial_information/2017</a></p> <p>All directors attend external training as required by their positions within the Board or professional membership requirements.</p> <p>The Company will continue to monitor the need to bring additional skills onto the board as appropriate as the</p>

	<p>but can also divide a board.</p> <ul style="list-style-type: none"> <li>As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</li> </ul>	<p>Company grows and evolves, including the appointment of a second non executive director.</p>
7.	<p><b>Principle 7</b></p> <p><b>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</b></p> <ul style="list-style-type: none"> <li>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</li> <li>The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</li> <li>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</li> </ul>	<p>As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies and the aggregate amount of fees approved by shareholders. The Board also reviews the appropriate criteria for Board membership collectively.</p> <p>The Board has established formal processes to review its own performance and the performance of individual directors and the committees of the Board, annually. Directors are reviewed based on their attendance and contributions to meetings of the Board and the relevance of their experience to the operations and decisions of the plan as it executes its objectives.</p> <p>Additionally, one third of the Directors under the Company constitution are required to stand for election annually offering shareholders the ability to consider the performance of that particular Director throughout their last term as a Director.</p> <p>Shareholders are encouraged to attend Members Annual General Meetings. The Company has also kept an active presence through services such as ProActive Investors and Gable Media who assist in the coordination of various communications and Director interviews that are publishes. The Company has also attended industry forums to assist in the engagement and promotion of the company.</p>
8.	<p><b>Principle 8</b></p> <p><b>Promote a corporate culture that is based on ethical values and behaviours</b></p> <ul style="list-style-type: none"> <li>The board should embody and promote a</li> </ul>	<p>The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The Chairman and the Board promote a strong governance and ethical culture which in turn used to portray and promote the Group's business and other dealings with identified stake holders across all jurisdictions that the Group operates. A large part of the Company's activities are centred upon</p>

	<p>corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <ul style="list-style-type: none"> <li>• The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.</li> <li>• The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</li> <li>• The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.</li> </ul>	<p>what needs to be an open and respectful dialogue with employees, clients and other stakeholders.</p> <p>The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with AIM Rule 21 the requirements of the Market Abuse Regulation which came into effect in 2016.</p> <p>In view of the current position of the Company and that there is no formal workplace and staff the any formal document or principles of corporate culture has yet to be developed.</p> <p>The Company uses the QCA guidelines as a guiding principle in promoting an ethical and open environment.</p>
<p>9.</p>	<p><b>Principle 9</b></p> <p><b>Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</b></p> <ul style="list-style-type: none"> <li>• The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: <ul style="list-style-type: none"> <li>○ size and complexity; and</li> <li>○ capacity, appetite and</li> </ul> </li> </ul>	<p>The Board's corporate governance policies helps ensure that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately.</p> <p>The Executive Chairman Mr John Barr is responsible for the governance and oversight of the Companies operation, and Technical Director Mr Andy Carroll plays an active role in the business taking on management and operational responsibilities.</p> <p>Non-Executive Director Mr John Young acts as a relevant non-executive member of the Board to enhance the governance structure of the Board and provide an increased level of independent review of Board decisions and strategy.</p>



	<p>tolerance for risk.</p> <ul style="list-style-type: none"> <li>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</li> </ul>	<p>All Directors receive regular and timely information on the Group’s operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting.</p> <p>The Board is supported by the audit and remuneration committees. The audit committee determines the application of financial reporting and internal control principles, including reviewing the effectiveness of the Group’s financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit. The remuneration committee reviews the performance of the executive directors and sets their remuneration, determines the payment of bonuses to executive directors and consider bonus and option schemes. Each of the executive directors will take no part in discussions concerning their remuneration. The remuneration of all directors will be reviewed by the board.</p> <p>Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The terms of reference of each committee are available at the Company’s website:</p> <p><a href="http://mosmanoilandgas.com/corporate_governance">http://mosmanoilandgas.com/corporate_governance</a></p> <p>These processes are regularly implemented at the Meetings of Directors as set out in the Directors’ Report and are updated as necessary based on:</p> <ul style="list-style-type: none"> <li>○ Corporate Culture;</li> <li>○ Size;</li> <li>○ The capacity and appetite for risk and the tolerances of the company; and</li> <li>○ Business complexity.</li> </ul>
10.	<p><b>Principle 10</b></p> <p><b>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</b></p> <ul style="list-style-type: none"> <li>A healthy dialogue should exist between the</li> </ul>	<p>The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders.</p> <p>A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company’s corporate website <a href="http://mosmanoilandgas.com">http://mosmanoilandgas.com</a></p>

	<p>board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.</p> <ul style="list-style-type: none"> <li>• In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist: <ul style="list-style-type: none"> <li>○ the communication of shareholders' views to the board; and</li> <li>○ the shareholders' understanding of the unique circumstances and constraints faced by the company.</li> </ul> </li> <li>• It should be clear where these communication practices are described (annual report or website).</li> </ul>	<p>The Annual Report details the work of the Board, Management and various committees that are utilised throughout the year.</p> <p>The outcome of each vote in the AGM is always reported to shareholders and released as an RNS on the market announcements platform. It can also be obtained on the company's website.</p>
Other	Consider relationship agreement where there is a dominant shareholder	N/A