

Corporate Governance Statement

Please find attached the Winchester Energy Ltd Corporate Governance Statement as at 27 March 2020.

Authorised by:

Lloyd Flint
Company Secretary

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Date: 31 March 2020

ASX Code: WEL

Directors

Laurence Roe
Non-Executive Chairman

Neville Henry
Managing Director

John Kopcheff
Non-Executive Director

Larry Liu
Non-Executive Director

Tony Peng
Non-Executive Director

Lloyd Flint
Company Secretary

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CORPORATE GOVERNANCE STATEMENT

To the extent applicable, and to the extent able (given the current size and structure of the Company and the Board), the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**). Any departures from the Recommendations are set out in the 'Departures from Recommendations' section.

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed. A full copy of the Company's corporate governance charter and associated policies, protocols and related instruments is available on the Company's website under its "Corporate Governance" heading – www.winchesterenergy.com.

The corporate governance statement contained in this section and the section entitled 'Departures from Recommendations' are current as at 27 March 2020 and have been approved by the Board.

Departures from Recommendations

PRINCIPLES AND RECOMMENDATIONS		COMMENT
1.	Lay solid foundations for management and oversight	
1.1	Companies should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management.	Satisfied. The Board has adopted a formal charter setting out the responsibilities of the Board. This charter can be accessed at: www.winchesterenergy.com
1.2	Companies should undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and should provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Satisfied. The Company has undertaken appropriate police, credit and other relevant checks prior to the appointment of the Directors. All information to hand has been included in the Annual Report.
1.3	Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	Satisfied. Written agreements have been entered into with all Directors and senior management.
1.4	The company secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Satisfied. This practice is in place.
1.5	Companies should: <ul style="list-style-type: none"> ▪ have a diversity policy which includes requirements for the board to set measurable objectives for achieving gender diversity and assess both the objectives and the company's progress in achieving them; ▪ disclose that policy or a summary of it; and ▪ disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the company's diversity policy and its progress towards achieving them and either: <ul style="list-style-type: none"> - the respective proportions of men and women on the board, in senior executive positions and across the whole organisation; or - the company's 'Gender Equality Indicators' as defined in the Workplace Gender Equality Act 2012. 	<p>Satisfied - the Company has adopted a Diversity Policy which can be accessed at www.winchesterenergy.com.</p> <p>Satisfied</p> <p>Not satisfied. The targets are currently being determined. There are no women on the board currently.</p> <p>No women hold senior executive roles currently.</p> <p>N/a – there are less than 100 employees.</p>

PRINCIPLES AND RECOMMENDATIONS	COMMENT
<p>1.6 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors and disclose in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Satisfied. The performance evaluation of board members occurs in accordance with the Remuneration and Nomination Committee Charter which can be accessed at www.winchesterenergy.com.</p>
<p>1.7 Companies should disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Satisfied. The Board meets to review the performance of executives. The senior executives' performance is to be assessed against the performance of the Company as a whole.</p>
<p>2. Structure the board to add value</p>	
<p>2.1 Companies should have a nomination committee which:</p> <ul style="list-style-type: none"> ▪ has at least 3 members, a majority of whom are independent directors; and ▪ is chaired by an independent director; <p>and disclose:</p> <ul style="list-style-type: none"> ▪ the charter of the committee; ▪ the members of the committee; and ▪ as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meeting. 	<p>The Board has established a Remuneration and Nomination Committee</p> <p>Not satisfied. Currently comprises of two non-executive directors.</p> <p>Satisfied.</p> <p>Satisfied www.winchesterenergy.com. Laurence Roe and Larry Liu</p> <p>During the period the Remuneration and Nomination Committee met once formally, with all members of the Committee in attendance.</p>
<p>2.2 Companies should disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve its membership.</p>	<p>No matrix formulated. The skills, experience and expertise relevant to the position held by each Director is disclosed in the Directors' Report in the Annual Report.</p>
<p>2.3 Companies should disclose:</p> <ul style="list-style-type: none"> ▪ the names of the directors considered by the board to be independent directors; ▪ if a director has an interest, position, association, or relationship affecting independent status but the board is of the opinion that it does not compromise the independence of the director, the nature of that interest position or association or relationship in question and an explanation of why the Board is of that opinion; and ▪ the length of service of each director. 	<p>The Board currently has 4 independent Directors being Laurence Roe, Larry Liu, Tony Peng and James Allchurch.</p> <p>Mr Roe is not a shareholder. Each of the other independent directors have an interest in the shares of the company but less than the threshold of 10% holding as decided by the board.</p> <p>The date of appointment of each Director is set out in the Annual Report.</p>
<p>2.4 A majority of the board of a company should be independent directors.</p>	<p>Satisfied. The board currently has 4 independent Directors.</p>
<p>2.5 The chair should be an independent director and should not be the same person as the CEO of the company.</p>	<p>Satisfied</p>
<p>2.6 Companies should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skill and knowledge needed to perform</p>	<p>Satisfied. The Company has adopted a program for inducting new directors and providing appropriate professional development opportunities.</p>

PRINCIPLES AND RECOMMENDATIONS		COMMENT
	their role as directors effectively.	
3. Act ethically and responsibly		
3.1	Companies should establish a code of conduct for its directors, senior executives and employees and disclose the code or a summary of the code.	The Company has adopted a Code of Conduct and Diversity Policy both of which can be accessed at www.winchesterenergy.com
4. Safeguard integrity in corporate reporting		
4.1	<p>The board should establish an audit committee which:</p> <ul style="list-style-type: none"> ▪ has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and ▪ is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ul style="list-style-type: none"> ▪ the charter of the committee; ▪ the relevant qualifications and experience of the members of the committee; and ▪ in relation to each reporting period the number of times and committee met throughout the period and the individual attendances of the members at those meeting. 	<p>Not satisfied. The Company has established an Audit and Risk Committee which consists of two members, both of whom are independent. Currently the Chairman chairs the committee. The Company Secretary acts as secretary to the committee and attends its meetings. The qualification and experience of the committee members are set out in the Directors' Report.</p> <p>The formal charter of the Committee is at www.winchesterenergy.com. During the period the Audit and Risk Committee met twice formally, with all members in attendance.</p>
4.2	The board of a company should, before it, approves the company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Satisfied. The Board has adopted the policy that before it approves the Company's financial statements for a financial period it will receive from its CEO and CFO (or the persons performing those functions) a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company.
4.3	Companies that have an AGM should ensure that its external auditor attends its AGM and is available to answer question from shareholders relevant to the audit.	The Board has adopted the policy that it will request the Company's auditor to attend the Company's AGM.
5. Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and disclose that policy or a summary of it.	The Company has adopted a Continuous Disclosure Policy which can be accessed at www.winchesterenergy.com .
6. Respect the rights of security holders		
6.1	Companies should provide information about itself and its governance to investors via its website.	Satisfied. Information on the Company can be accessed at www.winchesterenergy.com .

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PRINCIPLES AND RECOMMENDATIONS	COMMENT
6.2 Companies should design and implement an investor relations program to facilitate effective two way communications with investors.	The Company has adopted a Shareholder Communications Policy which can be accessed at www.winchesterenergy.com .
6.3 Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.	Satisfied. The Company has adopted a Shareholder Communications Policy which can be accessed at www.winchesterenergy.com .
6.4 Companies should give shareholders the option to receive communications from, and send communications to, the company and its share registry electronically.	Satisfied. The Company has adopted a Shareholder Communications Policy which can be accessed at www.winchesterenergy.com .
7. Recognise and manage risk	
7.1 Companies should have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> ▪ has at least 3 members, a majority of whom are independent directors; and ▪ is chaired by an independent director, and disclose: <ul style="list-style-type: none"> ▪ the charter of the committee; ▪ the members of the committee; and ▪ as at the end of each reporting period, the number of times and committee met throughout the period and the individual attendances of the members at those meeting. 	The Company has adopted an Audit and Risk Committee Charter at www.winchesterenergy.com . Not satisfied. Two non-executive directors only. They are independent. Satisfied. Satisfied Laurence Roe (Chair) and Larry Liu are the members. During the period the Audit and Risk Committee met twice formally, with all members in attendance.
7.2 The board or a committee of the board should review the company's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period, whether such a review has taken place.	The Board receives assurance in the form of a declaration, from the Managing Director and Chief Financial Officer (equivalent) as required by the Corporations Act. The Company's formal risk management framework is yet to be adopted. The current informal model is deemed to be sound.
7.3 Companies should disclose if it has an internal audit function, how the function is structured and what role it performed, or if it does not have an internal audit function, that fact, and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company due to its size does not have an internal audit department.
7.4 Companies should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.	The risks the Company faces are set out in Section 9 of the Company's Prospectus dated 8 August 2014, 26 May 2017 and Offer Document 7 December 2018. The Covid-19 pandemic is a new risk facing the company and managing the associated risks have been addressed internally and with 3 rd party providers.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
8. Remunerate fairly and responsibly		
8.1	<p>The board should establish a remuneration committee which:</p> <ul style="list-style-type: none"> ▪ has at least 3 members, a majority of whom are independent directors; and ▪ is chaired by an independent director; and disclose: ▪ the charter of the committee; ▪ the members of the committee; and <p>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings.</p>	<p>The Company has established a Remuneration and Nomination Committee. Not satisfied. Two members only.</p> <p>Satisfied.</p> <p>The charter (which can be accessed at www.winchesterenergy.com)</p> <p>The committee consists of Laurence Roe and Larry Liu. The Company Secretary acts as secretary to the committee and attends its meetings.</p> <p>During the period the Remuneration and Nomination Committee met once formally, with all members of the committee in attendance.</p>
8.2	<p>Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The structure of Non-Executive Directors' remuneration is clearly distinguished from that of Executive Directors and senior executives and is described in the Remuneration Report in the Annual Report. The remuneration of Executive Directors and senior executives is monitored by the Remuneration and Nomination Committee, in accordance with the charter for that committee (which can be accessed at www.winchesterenergy.com).</p>
8.3	<p>Companies with an equity based remuneration scheme should:</p> <ul style="list-style-type: none"> ▪ have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and ▪ disclose that policy or a summary of it. 	<p>The Company has yet to adopt any equity based remuneration scheme. Currently it is on an ad hoc basis.</p>

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