



CORPORATE GOVERNANCE STATEMENT

AXP ENERGY LIMITED

ACN 114 198 471



CORPORATE GOVERNANCE STATEMENT

The Board of AXP Energy Limited (**AXP**) seeks to practice the highest ethical and commercial standards while executing its responsibilities in directing the business and affairs of the Group on behalf of its shareholders by whom they are elected and to whom they are accountable.

The Board of AXP has considered the 4th Edition of the Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council (ASXCGC) on 27 February 2019. ASX Listing Rule 4.10.3 requires the Group to disclose the extent to which it follows or diverges from these best practice recommendations in its Annual Report.

Additional information relating to corporate governance practices that the Group has adopted can be found on the Group's web site: www.axpenergy.com

The Role of the Board and Management

The Group has formalised and disclosed the roles and responsibilities of the Board and those delegated to Senior Management.

The Board of the Group is responsible for the overall corporate governance of AXP Energy Limited, including its ethical behaviour, strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising Group performance and maximising shareholder value.

Management is responsible for implementing the strategic and management plan and operating within the risk appetite set by the Board and for all other aspects of the day to day running of the company. Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its duties. Full details of the matters reserved to the Board and to Senior Management are available on the Group's web site at: www.axpenergy.com

Scheduled meetings of the Board are held at least six (6) times a year and the Board meets on other occasions to deal with matters that require attention between scheduled meetings. The responsibility for the operation and administration of the consolidated entity is delegated by the Board to the Chief Executive Officer.

The Board is responsible for:

- Setting the strategic direction of the Group and establishing goals to ensure these strategic objectives are met;
- Appointing the Chief Executive Officer, setting objectives for the Chief Executive Officer and reviewing performance against those objectives, ensuring appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- Monitoring financial performance including approval of the annual, half-yearly and quarterly financial reports and liaison with the Group's auditors;
- Approving operating budgets and major capital expenditure;
- Ensuring that risks facing the Group and its controlled entities have been identified and ensuring that appropriate and adequate controls, monitoring and reporting mechanisms are in place;



- Receiving detailed briefings from Senior Management on a regular basis during the year;
- Approving the Boards of Directors of subsidiary companies;
- Ensuring the Group complies with the law and conforms to the highest standards of financial and ethical behaviour; and
- Ensuring the market and shareholders are fully informed of material developments.

AXP Energy Limited has obligations to its stakeholders to ensure the Group is managed with appropriate due diligence and that all necessary processes are implemented to minimise risk and maximise business opportunities. To this end, all commercial arrangements, capital expenditure, operational expenditure and other commitments are appropriately documented and have been authorised by either the Chief Executive Officer or the Board as appropriate.

The composition of the Board is determined in accordance with the Group’s constitution and the following principles and guidelines:

- The Board should comprise of at least three Directors with at least two Non-Executive Directors;
- The Board should comprise of Directors with an appropriate range of qualifications and expertise; and
- The Board should meet formally at least six (6) times per annum and informally on an as required basis with all Directors being made aware of, and having available, all necessary information, to participate in an informed discussion of all agenda items.

Directors in Office

At the date of this statement the following directors are the Group’s directors and their independence is noted in the table:

| Name | Position | Independent | Service - Years |
|----------------------|------------------------|-------------|-----------------|
| Mr. Samuel Jarvis | Non-Executive Chairman | Yes | 6 |
| Mr. Robert Lees | Non-Executive Director | Yes | - |
| Mr. Stuart Middleton | Non-Executive Director | Yes | 9 |

The skills, experience, expertise and tenure of each director are disclosed in the Directors’ Report within the Annual Report.

Director Independence

In assessing the independence of Directors, the Board follows the ASX guidelines as set out below:

An Independent Director is a Non-Executive Director (i.e. is not a member of management) and:

- Is not a substantial shareholder of the Group or an officer of, or otherwise associated directly with, a substantial shareholder of the Group;
- Receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity;
- Within the last three years has not been employed in an executive capacity by the Group or another Group member, or been a director after ceasing to hold any such employment;



- Within the last three years has not been a principal of a material professional adviser or a material consultant to the Group or another Group member, or an employee materially associated with the service provided;
- Is not a material supplier or customer of the Group or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Group or another Group member other than as a Director of the Group;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group; and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group.

The Nomination and Remuneration Committee has not met formally during the current financial year. The full Board has met to consider appointments to Management and the Board. The Directors would consider the balance of skills and experience required of Board Members for the size and state of development of the Group. The Board believes that it has the right numbers and skill sets within its Board Members for the current size of the Group and is confident that each Non-Executive Director brings independent judgement to bear on Board decisions.

Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the Group.

Appointment to the Board

The Board has met to identify and recommend potential director appointments. The Nomination and Remuneration Committee Charter forms the basis of Board deliberations and when the company appoints further Directors, the Nomination and Remuneration Committee will be formed. Where a casual vacancy arises during the year, the Board undertakes a search to identify the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. As part of the search the Board undertakes appropriate checks of the candidate's experience, character, education, and background. Any Director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next Annual General Meeting and is then eligible for re-election by the shareholders.

The Company provides details of each Director standing for election or re-election at the Annual General Meeting to assist the shareholders to make their decision whether to elect or re-elect the Director.

A copy of the Nomination and Remuneration Committee's Charter is available on the Group's web site at: www.axpenergy.com. New Directors receive a letter of appointment which sets out the terms of their appointment. On appointment, an induction program is available to Directors that include one-on-one sessions with members of the Senior Management team.

Company Secretary

The Company Secretary is responsible to the Board through the Chairman, to oversee the effective functioning of the Board and for advising the Board and its committees on governance matters.



Evaluation of Senior Executives

Senior Executives, including the Chief Executive Officer, have a formal job description and letter of appointment describing their term of office, duties, rights, responsibilities and entitlements upon termination. There are no retirement schemes or retirement benefits other than statutory benefits for Non-Executive Directors.

The performance of Senior Executives is reviewed annually before the budgets are approved for the next financial year. This process is a formal one with the Executive's performance assessed against Group, division, and personal benchmarks. Benchmarks are agreed with the respective Senior Executives and reviews are based upon the degree of achievement against those benchmarks.

Induction procedures are in place to allow new Senior Executives to participate fully and actively in management decision-making. The induction program includes orientation of:

- The Group's financial position, strategies, operations and risk management policies; and
- The respective rights, duties, responsibilities and roles of the Board and Senior Executives.

A performance evaluation for Senior Executives has taken place in the reporting period and was in accordance with the process disclosed.

Ethical Business Practices

The Group has adopted a Code of Conduct to maintain confidence in the Group's integrity, its legal obligations and the expectations of its stakeholders.

The Group is committed to be a socially responsible corporate citizen, using honest and fair business practices, to act in the best interests of clients so as to achieve the best outcome for shareholders.

The Board has procedures in place for reporting any matters that may give rise to unethical practices or conflicts between the interests of a Director or Senior Executive and those of the Group. These procedures are reviewed as required by the Board. The Code of Conduct is available on the Group's web site at: www.axpenergy.com

Shareholding and Trading

The Board encourages Directors and Senior Executives to own shares in the Group to further link their interests with the interests of all shareholders. Trading of shares by Directors or Senior Executives is prohibited under certain circumstances and as described in the ASX Listing Rules and during certain periods of the financial year. A Director or Senior Executive must not deal in the Group shares at any time when he or she has unpublished information which, if generally available, might affect the share price. Directors are required to notify the Chairman and the Company Secretary for sanction prior to any dealing. Key Management Personnel (KMP) and their closely related parties of the Group are prohibited from hedging their exposure to incentive remuneration.

The Share Trading Policy is available at the Group's web site at: www.axpenergy.com



Insurance

The Group has in place a Directors and Officers liability insurance policy providing a specified level of cover for current and former Directors and Executive Officers of the Group against liabilities incurred whilst acting in their respective capacity.

Safeguard Integrity

The Audit Committee currently comprises two Board members, all non-executive Directors (it includes the Chairman – Mr Samuel Jarvis). It operates under the Audit Committee Charter when performing its role and responsibilities. The Charter is available at the Group’s web site at: www.axpenergy.com

Where considered appropriate, the Group’s External Auditors and the Group’s management are invited to attend meetings. All Board members generally attend the meetings of the Audit Committee.

The qualifications of members of the committee together with their attendances at committee meetings is disclosed in the Directors’ Report within the Annual Report.

The role of the Audit Committee is to assist the Board fulfil its responsibilities and monitoring the following:

- Adequacy of the company’s financial reporting process;
- Whether the financial statements provide a true and fair view of the financial position and performance of the Group;
- Compliance with laws and regulations in respect to financial reporting;
- Provision of effective and efficient audits;
- Meeting with external auditors on a twice-yearly basis and informally as circumstances require; and
- Recommending to the Board the appointment, rotation, removal and remuneration of the External Auditors, and review their terms of engagement, and the scope and quality of the audit.

The Audit Committee provides the Board with additional assurances regarding the reliability of financial information for inclusion in the financial statements.

The Committee would also receive from the Chief Executive Officer and Chief Financial Officer a signed statement that in their opinion the Financial Statements and notes to the Accounts within the Annual Report are in accordance with the Corporations Act 2001, comply with the Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the financial position of the Group and are based upon a sound system of risk management and internal compliance and control. The statement is provided to the Board prior to the signing of the Directors’ Declaration in the Annual Report.

The Committee is Chaired by a Director who is not the Chairman of the Board.



Performance of Directors

In accordance with Principle 8(1) of the ASX Corporate Governance Principles and Recommendations the Board is required to conduct a review of the performance of its Directors and the Board's function as a whole during the period. Given changes to the board composition throughout the reporting period, it was considered appropriate to defer the annual evaluation of Directors until the first half of the next reporting period. The conclusions of that review and any recommendations for improvement which become apparent from that review will be discussed and implemented by the Board in the next reporting period.

Independent Advice

The Board recognises that in certain circumstances individual Directors may need to seek independent professional advice, at the expense of the Group. Any advice so received will be made available to other Directors.

Timely and Balanced Disclosure

The Board recognises the need to comply with ASX Listing Rule 3.1 concerning Continuous Disclosure.

At each meeting of Directors, consideration is given as to whether notice of material information concerning the Group, including its financial position, performance, ownership and governance has been made available to all investors.

The Continuous Disclosure Policy also requires Senior Executives in possession of disclosable information to comply with that policy. The Continuous Disclosure Policy is available on the Group's web site at: www.axpenergy.com

Communication with Shareholders

The Board aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the Group's activities and its state of affairs, including information necessary to assess the performance of the Directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report is available to all shareholders;
- The Half Yearly Report which is available on the Group's website;
- The Annual General Meeting and other meetings called to obtain shareholder approval for Board action as appropriate. Shareholders are encouraged to attend and participate at the Group's Annual General Meeting and other General Meetings;
- Letters to shareholders when considered to be appropriate and informative;
- Announcements to the Australian Securities Exchange;
- Webinars during which the CEO, Chair and Non-Executive Director(s) variously provide operational updates to investors and
- Investor information through the Group's web page at: www.axpenergy.com

The Group strives to ensure that Group announcements via the ASX are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner.



Shareholders' Role

The shareholders of the Group are responsible for voting on the election of Directors at the Annual General Meeting in accordance with the Constitution.

All Directors, other than an appointed Managing Director or equivalent Executive Director, are subject to re-election by rotation, no later than every three years.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the Group and to vote on other items of business for resolution by shareholders.

The Groups auditor make available a partner of the firm, to be in attendance at the Annual General Meeting and to be available to answer shareholder questions in relation to the audit.

Diversity

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Group is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefitting from all available talent. A copy of the Group's diversity policy is available at the Group's website at www.axpenergy.com.

The Group will annually monitor the progress and effectiveness of objectives developed in the Policy. Given the size and nature of the Group's workforce the Group has chosen not to implement measurable objectives on which the Group will report on.

Risk Management

The entire Board is responsible for overseeing the risk management function. The Group believes that it is crucial for all Board Members to be a part of the process.

The Board is responsible for ensuring the risks and opportunities are identified on a timely basis.

The Board has several mechanisms in place to ensure the management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of Board approved operating plans and budgets;
- Board monitoring of progress against these budgets, including the monitoring of key performance indicators of both a financial and non - financial nature; and
- The establishment of Committees to report on specific risk as identified and the mitigation steps to either remove or manage the identified risks.

Internal Risk Management System Compliance

Management is accountable to the Chief Executive Officer to ensure that operating efficiency, effectiveness of risk management procedures, internal compliance control systems and controls and policies are all being monitored. Management has designed and implemented a risk management and internal control system to manage the Group's material business risks and reports to the Board at each meeting on the effective management of those risks. The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates. These include:

- Changed operating, market or regulatory environments;



- The variable nature of geology under Exploration and Evaluation;
- Fluctuations in demand volumes;
- Fluctuations in commodity prices;
- Fluctuations in exchange rates; and
- Increasing costs of operations.

These risk areas and those set out on pages 9-11 of the Annual Report, are provided here to assist investors better understand the nature of the significant risks faced by the Group.

The Board requires the Managing / Executive Director / Chief Executive Officer, and Chief Financial Officer every half year to provide a statement confirming that a sound system of risk management and internal control is in place and that the system is operating effectively in all material respects in relation to financial risks. The Board has received that assurance.

Monitoring Performance

The Board and Senior Management monitor the performance of all divisions through the preparation of monthly management accounts. The monthly management accounts are prepared using accrual accounting techniques and report each business unit's result as contribution after overhead allocation. These monthly management accounts are compared to monthly budgets, which have been set allowing for the seasonality of anticipated revenues and costs in each of the divisions.

The monitoring of the Group's performance by the Board and Management assists in identifying the correct allocation of resources and staff to maximize the overall return to shareholders.

A performance evaluation for Senior Management was undertaken during the year and was in accordance with the process developed by the Board for that purpose.

Details of the structure of Non-Executive Directors' and Senior Executives' remuneration are included in the Remuneration Report within the Directors' Report in the Annual Report.

During the year the Board undertook an informal performance review of the Board, its Committees and its Directors.

Nomination and Remuneration

The role of the Nomination Committee is to make recommendations to the Board on the following matters:

- Determine the appropriate size and composition of the Board;
- Determine the terms and conditions of appointment to and retirement from the Board;
- Develop appropriate criteria for Board membership;
- Reviewing membership of the Board and proposing candidates

The role of the Remuneration Committee is to make recommendations to the Board on the following matters:

- Reviewing the remuneration and incentive framework for the CEO and Executive / Non-Executive Directors;
- Determining the Group's remuneration plans, policies and practices; and



- Considering general remuneration policies and practices, recruitment and termination policies and superannuation requirements.

Due to the current size of the AXP Energy Limited Board – three Directors, the committee did not meet formally during the year.

The Nomination Committee Charter and the Remuneration Committee Charter are available at the Group's web site at: www.axpenergy.com



The Board of AXP Energy Limited ('AXP') seeks to practice the highest ethical and commercial standards while executing its responsibilities in directing the business and affairs of the Company on behalf of its shareholders by whom they are elected and to whom they are accountable.

This Corporate Governance Statement sets out AXP Energy Limited's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition (**the ASX Principles and Recommendations**). The ASX Principles and Recommendations require the Company to provide a statement in its annual report disclosing the extent to which the Company has followed the ASX Principles and Recommendations.

| ASX Principles and Recommendations – 4 th Edition | Comply (Yes/No) | Explanation |
|--|-----------------|---|
| 1. Lay solid foundations for management and oversight | | |
| <p>1.1. A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. | Yes | <p>The Board Charter provides information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management).</p> <p>AXP's board of directors (the Board) is responsible for the overall corporate governance of the company, including its ethical behaviour, strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising Group performance and maximising shareholder value.</p> <p>Management is responsible for implementing the strategic and management plan and operating within the risk appetite set by the Board and for all other aspects of the day to day running of the company. Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its duties.</p> <p>Full details of the matters reserved to the Board and to senior management are available on the Group's web site at www.axpenergy.com</p> |
| <p>1.2. A listed entity should:</p> <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a director or senior executive or putting | Yes | <p>The Board undertakes appropriate background checks through ASIC and various other websites as well as reference checks and discussion with prior employers before making any appointment.</p> |



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| <p>someone forward for election as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether to elect or re-elect a director.</p> | | <p>A summary of the director's experience and qualifications is included in the Notice of Meeting's Explanatory Statement for each director standing for re-election.</p> |
| <p>1.3. A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> | <p>Yes</p> | <p>There is a letter of appointment for each director and an employment contract for each senior executive which sets out the terms of their appointment.</p> |
| <p>1.4. The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p> | <p>Yes</p> | <p>The Company Secretary is accountable to the Board and performs all the tasks related to corporate governance.</p> <p>All the directors are able to communicate directly with the Company Secretary.</p> |
| <p>1.5. A listed entity should:</p> <p>(a) have and disclose a diversity policy</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives, and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | <p>No</p> | <p>The Company is committed to diversity and recognises the benefits arising from employee and board diversity. A copy of the Company's diversity policy is available at the Company's website at www.axpenergy.com</p> <p>The Company annually monitors the progress and effectiveness of objectives developed in the policy. Given the size and nature of the Company's workforce the Company has chosen not to implement measurable objectives on which the Company will report.</p> |

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| <p>1.6. A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees, and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | <p>Yes</p> | <p>The Board undertakes a self-evaluation covering the Directors, the Chairman and the Committees once a year. The recommendations for improvement are discussed and implemented by the Board.</p> <p>This performance evaluation was undertaken in the current year.</p> |
| <p>1.7. A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | <p>Yes</p> | <p>The Company performs a performance evaluation of all Senior Management once a year and develops an annual plan for the following year as part of the process.</p> <p>This performance evaluation was deferred as noted above.</p> |
| <p>2. Structure the board to be effective and add value</p> | | |
| <p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) 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 meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>No</p> | <p>The Company has a Nomination Committee Charter and a Remuneration Committee Charter.</p> <p>The charter of these committee's is available from the Company's web site at www.axpenergy.com and it details the processes to be followed for nominating new directors to the Board.</p> <p>The Board currently consists of three Directors'. The Board performs the process of nomination as laid out in the Charter when considering new appointments.</p> <p>The Committee did not formally meet during this financial year.</p> |

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| 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. | Yes | Skills matrix developed and current Directors assessed themselves against the matrix. A summary of this information has been included in the Directors' Report. |
| 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. | Yes | The Company has three directors – Sam Jarvis, Robert Lees and Stuart Middleton. Sam Jarvis, Robert Lees and Stuart Middleton are independent as defined under the Guidelines of the ASX Corporate Governance Council. Director's length of service is shown in the Remuneration Report contained in the Directors' Report. |
| 2.4 A majority of the board of a listed entity should be independent directors. | yes | The Company presently has three directors, who are considered independent. The Board believes that it has the right numbers and skills within its board members for the current size of the Company and is confident that each non-executive director brings independent judgement to bear on board decisions. |
| 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | Yes | The Chairman - Sam Jarvis is considered to be an Independent non-Executive Director. Tim Hart is the CEO of AXP Energy Limited and is not a Director of the Company. |
| 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | Yes | The Company provides an induction for all new directors including a one-on-one sessions with members of the senior management team. Relevant courses offered by the Australian Institute of Company Directors are bought to the attention of the Board throughout the year to assist them to maintain their skills. |
| 3. Instil a culture of acting lawfully, ethically, and responsibly | | |



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| 3.1. A listed entity should articulate and disclose its values. | Yes | We have disclosed our values at: www.axpenergy.com |
| 3.2. A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code. | Yes | The Company has adopted a Code of Conduct to maintain confidence in the Company's integrity, its legal obligations and the expectations of its stakeholders. The Company is committed to being a socially responsible corporate citizen, using honest and fair business practices to achieve the best outcomes for shareholders. A copy of the code is disclosed on the Company's web site – www.axpenergy.com |
| 3.3. A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. | Yes | A copy of the whistle-blower policy is disclosed on the Company's web site – www.axpenergy.com |
| 3.4. A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy. | Yes | Bribery and corruption is prohibited under the Company's Code of Conduct. A more detailed anti-bribery and corruption policy has recently been adopted by the Board and can be found on the Company's web site – www.axpenergy.com |
| 4. Safeguard the integrity of corporate reports | | |
| 4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the | Yes | The Company has an Audit Committee Charter and it is available from the Company's web site – www.axpenergy.com The Board has only three members and the Audit Committee consists of two non-executive Directors, excluding the Chairman of the Board. The qualifications of members of the Board/Committee together with their |

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| <p>period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | | <p>attendance at Meetings, is disclosed in the Directors' Report in the Annual Report.</p> |
| <p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively</p> | <p>Yes</p> | <p>Before they approve the annual financial statements, the Board receives a declaration each year from the CEO and CFO that, in their opinion, the financial records of the Company have been properly maintained and the financial statements of the Company comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> |
| <p>4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p> | <p>Yes</p> | <p>The verification / approval process of periodic corporate reports released to the market by the Company is covered in the Company's Board Charter and Continuous Disclosure Policy.</p> <p>The full Board is responsible for reviewing and approving any periodic corporate reports released to the market containing financial information that is not audited or reviewed by an external auditor.</p> |
| <p>5 Make timely and balanced disclosure</p> | | |
| <p>5.1 A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules 3.1.</p> | <p>Yes</p> | <p>The Company has a Continuous Disclosure Policy which is available from the Company's web site – www.axpenergy.com.</p> <p>At each meeting of the Board, consideration is given as to whether any item covered during the meeting impacts on its continuous disclosure requirements and ensures that all material information concerning the Company relating to its financial position,</p> |

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| | | performance, ownership and governance has been made available to all investors. |
| 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | Yes | All market announcements are distributed to and approved by Directors prior to release to Market. |
| 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | Yes | This is addressed in the Company's continuous disclosure policy. |
| 6 Respect the rights of shareholders | | |
| 6.1 A listed entity should provide information about itself and its governance to investors via its website. | Yes | The Company's web site provides all the relevant information on the Company and its operations that an investor would require. It includes all the policies adopted by the Company as well as copies of all the ASX market releases and the financial reports. |
| 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors | Yes | Investors can communicate with the Company through the web site, email or by calling the phone numbers listed on the Company's web site. The Company also distributes information which is available to investors such as the Annual Report and the announcements to the ASX. Investors are encouraged to attend the Company's Annual General Meeting where they will receive an update on the Company's operations and be able to discuss these with the Directors and Senior Management. |
| 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | Yes | All shareholders receive the Notice of Meeting and Explanatory Statement for the Company's Annual General Meeting. They are able to send in questions they would like addressed at the Meeting and also by attending the meeting will have the ability to talk to any of the resolutions and have their questions answered. They will also have the opportunity to ask questions of management once the formal part of the meeting has been completed. |
| 6.4 A listed entity should ensure that all substantive resolutions at a meeting | Yes | The Company has all substantive resolutions at shareholders meetings decided by poll. |

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| <p>of security holders are decided by a poll rather than by a show of hands.</p> | | |
| <p>6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p> | <p>Yes</p> | <p>Shareholders can send communications to the Company via email and all emails will be responded to.</p> <p>Discussions are continuing with the Share Registry to enable the shareholders to maintain their communications with the Share Registry electronically.</p> |
| <p>7 Recognise and manage risk</p> | | |
| <p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) 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 meetings; or <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>No</p> | <p>The Board currently consists of three Directors and consider a separate committee not to be appropriate.</p> <p>The Board is responsible for the oversight and management of all material business risks. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.</p> <p>The risk profile can be expected to change and procedures adapted as the Company develops and it grows in size and complexity. The Board believes has identified the material risks that apply to the Company which are set out in pages 9-11 of the Annual Report and seeks to employ risk management and mitigation measures to address these risks</p> |
| <p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> | <p>Yes</p> | <p>Management is accountable to the CEO and through him to the Board, to ensure that operating efficiency, effectiveness of the risk management procedures, internal compliance control systems and policies and that they are all being monitored. Management have designed and implemented a risk management and internal control system to manage the Company's material business risks and reports to the Board annually on the effective management of those risks.</p> |

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| <p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) 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.</p> | No | <p>Due to the size of the Company, there is no internal audit function.</p> <p>The Board receives an annual report from Management reviewing the risk management procedures of the Company and is able to provide commentary on the report as well as identify any new risks that have emerged and not previously been recorded by the system.</p> |
| <p>7.4 A listed entity 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.</p> | Yes | <p>All the Company's operating activities are conducted in America and are subject to the environmental and social sustainability risks related to operating there.</p> <p>The annual report from management covering risk management identifies these risks and how they are being managed and is subject to critical review by the Board.</p> |
| 8 Remunerate fairly and responsibly | | |
| <p>8.1. The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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 meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | Yes | <p>The Company has a Nomination Committee Charter and a Remuneration Committee Charter available from the Company's web site www.axpenergy.com .</p> <p>The Committee did not meet formally during the year. The Board currently consists of three Directors and consider a separate committee not to be appropriate and its functions are carried out by the full board.</p> |
| <p>8.1 Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of</p> | Yes | <p>The policies and practices regarding remuneration of Non-executive Directors, Executive Directors and Senior Management</p> |



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| executive directors and other senior executives. | | is set out in the Remuneration Report contained in the Directors' Report. |
| <p>8.2 If the company has an equity-based remuneration scheme it should:</p> <p>(a) 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</p> <p>(b) disclose that policy or a summary of it.</p> | Yes | The Company requires Directors and Executives who participate in the Company's Performance Rights Plan to ensure they do not enter into any transaction which limits the economic risk of participating in the Plan. |

9.1, 9.2 and 9.3 do not apply
