

The Board of Tap Oil Limited (**Board**) considers that its prime responsibility is to oversee the business activities and management of the Tap Oil Group for the benefit of shareholders. The Board also recognises its responsibilities to employees and, where appropriate, other stakeholders. The Board also recognises the Tap Oil Group has responsibilities to the wider community and to the environment.

Responsibility for management of the Tap Oil Group's business activities is delegated to the Managing Director, who is accountable to the Board.

RESPONSIBILITIES OF THE BOARD OF TAP OIL LIMITED

The key responsibilities of the Board of Tap Oil Limited are to:

- contribute to and approve strategy and performance objectives developed by management;
- contribute to the ideas pool for the growth of the Tap Oil Group;
- guide and monitor the businesses of the companies within the Tap Oil Group;
- establish corporate governance standards;
- ensure appropriate policies, procedures and systems are in place to:
 - (i) monitor performance and reporting; and
 - (ii) manage risk and internal control;
- monitor and oversee the work of the boards of subsidiaries of Tap Oil Limited, including monitoring the implementation by subsidiary boards of the policies and decisions of the Board;
- approve and monitor budgets, major investments and projects;
- facilitate the appointment of additional Directors as determined by the Nominations Committee (who shall stand for election at the next general meeting of shareholders) and remove Directors and approve succession plans;
- review and monitor the findings of the Nominations Committee in respect of the composition of the Board and succession plans to ensure there is an appropriate mix of expertise and experience;
- assess the performance of the Board as a whole and the contributions of individual Directors;
- appoint the CEO and Managing Director and approve succession plans and remuneration of senior management;
- ensure compliance with applicable laws and regulations;
- establish ethical, environment and health and safety standards for the Tap Oil Group's operations and people; and
- establish appropriate committees to assist the Board in the discharge of its responsibilities and oversee such committees.

RESPONSIBILITIES OF SUBSIDIARY BOARDS

The boards of the subsidiaries of Tap Oil Limited support the Tap Oil Limited Board and the Managing Director/ Chief Executive Officer by providing oversight of the businesses of the Tap Oil Group and, where appropriate, the discharge by the subsidiaries of their statutory responsibilities. Directors with relevant specialist skills are appointed to the boards of subsidiary companies and the executives responsible for those businesses have access to their skills and the benefit of their guidance.

Each board of a subsidiary company of Tap Oil Limited has, in general terms, the following responsibilities, to be discharged consistently with the overall strategies and policies adopted by the Board and in accordance with the responsibilities of the subsidiary and its directors:

- providing strategic advice to the subsidiary and monitoring the execution of, the strategy for the subsidiary, as approved by the Board;
- reviewing and monitoring policies, practices and systems in a range of areas which have relevance to the business of the subsidiary;
- receiving regular business unit management briefings;
- ongoing monitoring of subsidiary performance indicators and operational results;
- reviewing and approving the risk management framework within the subsidiary, including seeking to identify areas of significant business risk and monitoring business unit risk and compliance;
- drawing to the attention of the Board all significant issues affecting the subsidiary;
- responding promptly to any request by the Board for information on an issue within the business of the subsidiary; and
- any further responsibilities prescribed by the subsidiary constitution, the Corporations Act, legislation relevant to the activities of the subsidiary and any applicable laws or regulations.

RESPONSIBILITIES OF MANAGEMENT

The key responsibilities of management are to:

- contribute ideas for the growth and strategy of the Tap Oil Group;
- assume and exercise the powers and perform the duties from time to time vested in management by the Board;
- implement the decisions and strategies as determined by the Board;
- manage the day to day activities of the Tap Oil Group;
- develop corporate strategy performance objectives, budgets, financial plans and proposals for major projects for consideration and approval by the Board;
- manage the financial and investment decisions of the Tap Oil Group;
- lead negotiations in relation to material transactions;
- manage staff recruitment, deployment and dismissals;
- manage investor relations and represent the Company in the community and with government; and
- protect the assets of the Tap Oil Group.

Approved by the Board of Tap Oil Limited.



Douglas Bailey
Chairman
for and on behalf of the
Board of Directors

24 October 2012

Date