

Best practice in corporate governance requires a formal policy to be in place enabling Directors to seek independent professional advice.

POLICY ON DIRECTORS OBTAINING LEGAL, ACCOUNTING AND OTHER PROFESSIONAL ADVICE

PURPOSE

Non-executive and executive Directors, in carrying out their duties, must have regard to the best interests of the Company, and the interests of shareholders. They must also take account of their own liabilities under applicable laws. Questions can often arise regarding the most appropriate way to discharge any one of these duties, or how to balance the relative importance of one or more of them in any given situation.

To assist Directors in discharging their duties, it may sometimes be necessary for them to seek independent professional advice. This policy sets out the guidelines for such independent advice to be obtained.

PROCEDURE

A Director is entitled to seek independent professional advice, at the expense of the Company in the following circumstances:

- where the issue or recommendation under consideration:
 - imposes or has the potential to impose any unusually onerous obligation on the Director in discharging that Director’s duty (other than in circumstances where the Director may have a conflict of interest or may have breached his duty to the Company);
 - is one which the Director reasonably considers, after consultation with the Chairman and the Managing Director is for any other reason significant or of a character which makes the obtaining of independent advice appropriate; or
 - is one where the Director seeks advice as to coverage under the Company’s insurance policy; and
- where all available resources for obtaining advice on the issue or recommendation from internal professional staff, or from the Company’s usual external advisors, have been exhausted, and/or there are still reasonable concerns as to the expertise or clear independence of those advisors.

Prior to the Director obtaining independent professional advice, the Director must seek the prior approval of the Chairman and the Managing Director and such approval must not be unreasonably withheld.

CRITERIA FOR SELECTION OF EXTERNAL EXPERTS

- The expert must be a professional in his/her field with appropriate qualifications and expertise, and be chosen after consultation with the Chairman or the Managing Director as appropriate. The expert must hold a current licence or practising certificate, whichever is applicable in that particular profession.
- If the matter on which advice is sought is of a controversial nature with potential for future litigation, the independent expert must be advised that he/she may need to appear in court as an expert witness.
- The independent expert must be given detailed instructions in writing with such instructions to be distributed to all of the Board members. Initial instructions may be given orally in urgent cases with details thereof provided to all other Board members.
- The letter of instruction must contain the following:
 - who gives the instructions and in what capacity;
 - details of the matter on which opinion is sought;
 - to whom the advice is to be addressed;
 - that the fee will be subject to negotiation prior to commencement of the work for the advice;
 - the date by which the advice is required;
 - the possibility of the matter being litigated (if appropriate) and the expert being required to attend in court.

PROVISION OF ADVICE

Unless there are demonstrable unusual circumstances, such as an assessment of competing liabilities between Directors or a Director and the company:

- the Director seeking the advice must consult with the Chairman and/or the Managing Director, as appropriate, regarding the terms of the letter of instruction; and
- a copy of the advice, the letter of instruction and all the materials which accompanied the letter must be provided to the Company and/or the Board.

Approved by the Board of Tap Oil Limited.



Neale Taylor
Chairman
for and on behalf of the Board
of Directors



Date