

## CORPORATE GOVERNANCE STATEMENT

The Board of directors of Triangle Energy (Global) Limited (**Triangle** or **Company**) is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (“CGC”) published guidelines as well as its corporate governance principles and recommendations.

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of Triangle Energy (Global) Limited (“Triangle” or the ‘Company’) is an advocate of corporate governance. The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council’s “Corporate Governance Principles and Recommendations 3rd edition” (“Recommendations”) where considered appropriate for a company of Triangle’s size and nature.

This document describes the progress by Triangle in addressing these guidelines. The Company’s Corporate Governance Statement is structured below with reference to the eight principles, and in a table which references the recommendations to each of these principles.

The CGC’s published guidelines are as follows:

- Principle 1.** Lay solid foundations for management and oversight
- Principle 2.** Structure the Board to add value
- Principle 3.** Act ethically and responsibly
- Principle 4.** Safeguard integrity in corporate reporting
- Principle 5.** Make timely and balanced disclosure
- Principle 6.** Respect the rights of security holders
- Principle 7.** Recognise and manage risk
- Principle 8.** Remunerate fairly and responsibly

### Principle 1 – Lay Solid Foundations for Management and Oversight

**“A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.”**

The main function of the Board is to set strategic objectives for the Company, supervising and guiding management through the implementation process. The aim is for the Board to provide the entrepreneurial leadership required for the Company to evolve within a framework of prudent and effective risk management.

Triangle has adopted a formal Board Charter delineating the roles, responsibilities, practices and expectations of the Board collectively, the individual directors and senior management. A copy of the Board Charter is on the Company’s website: [www.triangleenergy.com.au](http://www.triangleenergy.com.au) under the “Corporate Governance” section.

The Board of Triangle ensures that each member understands their roles and responsibilities and ensures regular meetings (formally approximately six times a year but no less than four times per year, and informally with regular phone calls with the Chairman, Managing Director, Executive Director and other senior management) so as to retain full and effective control of the Company.

The Board specifically applies an emphasis on the following:

- Setting the strategic aims of Triangle and overseeing management’s performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives;
- Overseeing management’s performance and the progress and development of the Company’s strategic plan;
- Selecting and appointing suitable executive directors with the appropriate skills to help the Company in the pursuit of its objectives;
- Determining the remuneration policy for the Board members, company secretary and senior management;

- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system risk management and internal controls are in place;
- Setting the Company's values and standards;
- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council;
- Ensuring that the Company's obligations to shareholders are understood and met;
- Ensuring the health, safety and well-being of employees in conjunction with the senior management team, including developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking; and
- Any other matter considered desirable and in the interest of the Company.

The Executive Directors are responsible for:

- The executive management of the Company's operations;
- Policy direction of the operations of Triangle;
- The efficient and effective operation of Triangle; and
- Ensuring all material matters affecting Triangle are brought to the Board's attention.

In addition to these responsibilities, the Non-Executive Chairman is responsible for the following:

- Providing the necessary direction required for an effective board;
- Ensuring that all the directors receive timely and accurate information so that they can make informed decisions on matters of the Company;
- Ensuring that the Board collectively and individual directors' performance is assessed annually; and
- Encouraging active engagement from all members of the Board.

The company secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- Ensuring a good flow of information between the Board, its committees, Non-Executive Directors and Executive Directors;
- Monitoring policies and procedures of the Board;
- Advising the Board through the Chairman of corporate governance policies;
- Providing support and advice to individual directors, various board committees, senior executives and the Board in general;
- Conducting and reporting matters of the Board, including the despatch of board agendas, briefing papers and minutes;
- Ensuring that compliance systems relating ASX Listing Rules and the Corporations Act are maintained and the Company and Board adhere to those; and
- Disseminating regulatory news announcement to the ASX.

*Triangle currently does not fully comply with Recommendation 1.5 of Principle 1 as the Board considers that the size and scope of Triangle's activities does not justify setting measurable objectives for achieving gender diversity due to having three direct employees at present.*

## **Principle 2 - Structure the Board to Add Value**

**"A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively."**

The Triangle Board has been structured in such a way so as to provide an adequate mix of proficient directors that lead the Board with enterprise, integrity and judgement. The Board acts in the best interest of the Company and its stakeholders. The Board is directed on the principles of transparency, accountability and responsibility.

In determining whether a director is independent, according to the Board Charter, the Board considers whether the director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

- is employed, or has previously been employed in executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- has a material contractual relationship with the Company or other group member other than as a director of the Company.

The ASX council guidelines recommend that ideally the Board should constitute a majority of independent directors. The Triangle Board currently consists of three directors. Mr Edward Farrell is considered to be a Non-Executive Director. The Executive Directors are Mr Robert Towner and Mr Darren Bromley. No director is considered to be independent.

In line with recommendation 2.2, the Board is developing a board skills matrix to simplify the process for identifying any 'gaps' in the board skills, expertise and experience. As part of the review of the skills matrix, the Board will monitor skills, expertise and experience that are relevant to the company and assess those against the collective attributes of the directors. The board skills matrix will be reviewed by the directors on an annual basis.

The Board believes the composition of the Board is appropriate at this stage of the Company's development. The Board endeavours to review this policy from time to time.

A copy of the Board Charter and the Board Performance Evaluation Policy are on the Company's website: [www.triangleenergy.com.au](http://www.triangleenergy.com.au) under the "Corporate Governance" section.

*Triangle currently does not fully comply with Principle 2 as follows:*

*Recommendations 2.1: Triangle has not established a nomination committee. Given that Triangle has only two executives and one other employee, the Board considers that the role of such a committee is most effectively handled by the Board (with directors the subject of any deliberations excluding themselves). The Board will consider establishing a nomination committee as Triangle's operations grow.*

*Recommendations 2.2: Triangle intends to informally monitor the experience, expertise, skills and qualifications necessary for the Board over time. The Board intends to formalise a skills matrix as the complexity of Triangle's business increases.*

*Recommendations 2.3: The Board does not consider any of the Director's to be independent. Triangle is transforming and growing as an oil and gas producer and will be looking to enhance the Board's independence in the coming year. Triangle discloses the length of service of each director in the Annual Report each year.*

*Recommendations 2.4: Triangle currently has a three-member Board, none of whom are independent directors with one Non-Executive Chairman. The Board considers that the size and scope of Triangle's activities does not justify the cost of appointing an additional independent director at this stage.*

*Recommendations 2.5: The Chairman, Mr Farrell, is a Non-Executive Director however is not independent. Mr Robert Towner is the current CEO.*

### **Principle 3 - Act Ethically and Responsibly**

#### **"A listed entity should act ethically and responsibly"**

Triangle is aware that law and regulations alone is no guarantee of fair practice and thus to ensure the integrity of its operations, it has adopted a code of ethics and conduct to sustain its corporate culture.

Triangle's ethical rules demand high standards of integrity, fairness, equity and honesty from all directors, senior management and Employees. Triangle expects its employees to understand that the Company acts morally and that the main goal of the Company is to maximise shareholders value.

The Code of ethics and conduct include the following issues:

- Avoiding conflicts of interest and reporting of any related-party transactions;
- Ensuring protection and proper use of company assets;
- Discharging directors and officer's duties responsibly and ethically;

- Maintaining commercial sensitive information confidential;
- Dealing fairly with customers, suppliers, employees and competitors;
- Ensuring effective relationships and a safe working environment;
- Ensuring compliance with laws and regulations (including Environment, Health and Safety); and
- Encouraging the reporting of illegal and unethical behaviour.

The Company has adopted a Company Code of Conduct, Continuous Disclosure Policy and Share Trading Policy which can be accessed on the Company's website: [www.triangleenergy.com.au](http://www.triangleenergy.com.au) under "Corporate Governance". The Share Trading Policy ensures compliance with the ASX Listing Rules on "Trading Policy" (LR 12.9 to 12.11) and "Content of Trading Policy" (LR 12.12).

*Triangle currently complies with Principle 3.*

#### **Principle 4 - Safeguard Integrity in Financial Reporting**

**"A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting."**

Triangle has a financial reporting process which includes half year and full-year results which are signed off by the Board before they are released to the market.

The Audit Committee has been developed as per the guidelines of good corporate governance and its responsibilities are delineated in the Audit Committee Charter. Current members of the Audit Committee are Messer's Farrell (Chairman) and Bromley (Executive Director and company secretary) who has also been the chief financial officer of the Group since April 2010.

The Board and Audit Committee fulfils its corporate governance and oversight responsibilities, as well as advises on the modification and maintenance of the Company's financial reporting, internal control structure, external audit functions, and appropriate ethical standards for the management of the Company.

The Board and Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The Director / CFO reports in writing on the propriety of compliance on internal controls and reporting systems and ensures that they are working efficiently and effectively in all material respects.

The Committee also advises on the modification and maintenance of the Company's risk management systems, the Company's risk profile, compliance and control and assessment of effectiveness.

*Triangle currently does not fully comply with Recommendation 4.1 of Principle 4. The Audit Committee consists of the Non-Executive Chairman, being Ted Farrell, and Mr Darren Bromley (Executive Director and CFO). No Director's on the Audit Committee are considered to be independent. Given the size and nature of the Company the Board feels that the structure Audit Committee is appropriate at this stage.*

#### **Principle 5 - Make Timely and Balanced Disclosure**

**"A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities."**

Triangle has adopted a formal policy dealing with its disclosure responsibilities.

The Board has designated the company secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The policy also addresses the Company's obligations to prevent the creation of a false market in its securities. Triangle ensures that all information necessary for investors to make an informed decision is available on its website.

The Executive Directors have ultimate authority and responsibility for approving market disclosure which, in practice, is exercised in consultation with the full Board and executives of the Company.

In addition, the Board will also consider whether there are any matters requiring continuous disclosure in respect of each and every item of business that it considers.

The Company has adopted a Continuous Disclosure Policy, which can be accessed on the Company's website: [www.triangleenergy.com.au](http://www.triangleenergy.com.au) under "Corporate Governance".

*Triangle currently complies with Principle 5.*

#### **Principle 6 - Respect the Rights of Shareholders**

**"A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively."**

Triangle is aware that regular and constructive two-way communications between the Company and its shareholders can help investors understand what the Board of directors is planning to achieve and how the Company intends to set about achieving its objectives.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company is committed to:

- communicating effectively in a timely and accurate way with shareholders through releases to the market via the ASX, Quarterly Activities and Cashflow Reports, Half-Yearly Reports, Annual Reports, the general meetings of the Company and any information mailed to shareholders;
- sending a notice of any general meetings to which they are entitled to attend together with an explanatory memorandum of proposed resolutions (as appropriate). If shareholders cannot attend the General Meeting, they are entitled to lodge a proxy in accordance with the Corporations Act and the Company's Constitution.
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The address made by the Chairman and/or the Executive Director to the Annual General Meeting is released to the ASX.

All ASX announcements are accessible via the Company's website.

The Company has adopted a Shareholder Communication Policy, which can be accessed on the Company's website: [www.triangleenergy.com.au](http://www.triangleenergy.com.au) under "Corporate Governance".

*Triangle currently complies with Principle 6.*

#### **Principle 7 - Recognise and Manage Risk**

**"A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework."**

Triangle's policy is to regularly review processes and procedures to ensure the effectiveness of its internal systems control, so as to keep the integrity and accuracy of its reporting and financial results at a high level at all times.

Internal controls are devised and enforced to ensure, as far as practicable in the given circumstances, the orderly and efficient conduct of the business. They include measures to safeguard the assets of the Company, prevent and detect fraud and error, ensure the accuracy and completeness of accounting records and ensure the timely preparation of reliable financial information.

The Board's Charter clearly establishes that it is responsible for ensuring that a sound system risk management and internal controls are in place.

The Board has decided that due size, composition and structure of the Board, there is no current requirement for the formation of a separate Risk Committee outside the board forum. As such, the roles of this Committee will be performed by the Board, as and when necessary, but with a Non-Executive Director as the Chairman.

The Executive Directors and CFO are required to state to the Board, in writing, that to the best of their knowledge the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

The Executive Directors and CFO are also required to report at board meetings on the areas they are responsible for, including material business risks and provide an annual written report to the Board summarizing the effectiveness of the Company's management of material business risks.

Given the speculative nature of the Company's business it is subject to general risks and certain specific risks. Triangle recognises that the risks which could affect the results of the Company include:

- Share market;
- Economic and government risks (Indonesia and Australia);
- Future capital needs;
- Oil & Gas Sector risks;
- Insurance risks;
- Competition risk;
- Exploration and development risks;
- Commercialisation;
- Environmental risks;
- Commodity price volatility and exchange rate risks;
- Acquisitions; and
- Sustainability of future profitability.

The Company has adopted a Risk Management Policy, which can be accessed on the Company's website: [www.triangleenergy.com.au](http://www.triangleenergy.com.au) under "Corporate Governance".

*Triangle currently does not fully comply with Principle 7 as follows:*

*Recommendations 7.1: The Board considers that the role of a Risk Committee is most effectively handled by the Board due to its size and current activities. The Board will consider establishing a Risk Committee as Triangle's operations grow.*

*Recommendations 7.3: Due to the limited scale of Triangle's operations, the costs of an independent internal audit function would be disproportionate to the risk it seeks to mitigate. Triangle has an external auditor, an experienced Chief Financial Officer and the Audit Committee will monitor and evaluate material or systemic issues.*

#### **Principle 8 - Remunerate Fairly and Responsibly**

**"A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders."**

The Company is committed to remunerating its executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders.

Consequently, the Board ensures that executive remuneration follows the guidelines of good governance and the criteria for remuneration are as follows:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in the Performance Rights Plan (which was last approved by shareholders in November 2013); and
- statutory superannuation.

The Company's objective is to establish and maintain a board that consists of experienced and motivated directors who possess appropriate skills and expertise to promote the Company's success. The policy of the Company is to seek to ensure a clear relationship between director performance, the role they perform and remuneration received.

In relation to the payment of bonuses, issue of securities and other incentive payments, discretion is exercised by the Board having regard to both the Company's performance and the performance of the director concerned. Details of the Company's remuneration policy are contained in the Remuneration Report section of the directors' Report in the Annual Report.

*Triangle currently does not fully comply with Principle 8 as follows:*

*Recommendations 8.1: The Board considers a Remuneration Committee unnecessary. The Board believes it can adequately deal with the matters typically within the purview of a remuneration committee.*