

3D Oil LIMITED

ACN 105 597 279

SUMMARY OF COMPLIANCE WITH ASX LIMITED'S PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS

Requirement	Response
1 Lay solid foundations for management and oversight	
1.1 Formalise and disclose the functions reserved to the board and those delegated to management	This recommendation is satisfied. The respective roles and responsibilities of Board and the Managing Director are set out in the Company's Board Charter.
2 Structure the board to add value	
2.1 A majority of the board should be independent directors	This recommendation is satisfied.
2.2 The chairperson should be an independent director	This recommendation is satisfied.
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual	This recommendation is satisfied.
2.4 The board should establish a nomination committee	This recommendation is not satisfied. Given the size of the Company and the Board, and the start up nature and straight forward structure of the Company, the directors consider that any efficiencies achieved by the establishment of a nomination committee would be minimal, thereby not making its establishment cost effective.
3 Promote ethical and responsible decision making	
3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives.	This recommendation is satisfied.
3.2 Disclose the policy concerning trading in company securities by directors, officers and employees.	This recommendation is satisfied.
4 Safeguard integrity in financial reporting	
4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all	This recommendation is satisfied.

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material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	
4.2 The board should establish an audit committee.	This recommendation is satisfied.
4.3 Structure the audit committee so that it consist of only non-executive directors, a majority of independent directors and an independent chairperson, who is not a chairperson of the board.	This recommendation is satisfied.
4.4 The audit committee should have a formal charter	This recommendation is satisfied.
5 Make timely and balance disclosure	
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	This recommendation is satisfied.
6 Respect the rights of shareholders	
6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	<p>The Company places a high priority on communications with its Shareholders. Although the Company does not have a stand alone communications strategy, the Company considers that its Continuous Disclosure Policy, together with disclosure through the following means should be sufficient to promote effective communications with shareholders:</p> <ul style="list-style-type: none"> • announcements released to through the ASX company announcements platform; • notices of meetings of shareholders; and • provision of all relevant documentation released on the Company's website at www.3doil.com.au
6.2 Request 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.	This recommendation is satisfied.

Requirement	Response
7 Recognise and manage risk	
7.1 The board or appropriate board committee should establish policies on risk oversight and management	Although there is no stand alone risk management policy, the Board Charter provides that it is the Board's responsibility to approve the Company's risk and audit framework, systems of risk management and internal control, as well approving compliance with any risk and audit policies and protocols in place at the time.
7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: 7.2.1. the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board. 7.2.2. the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	This recommendation is satisfied.
8 Encourage enhanced performance	
8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	This recommendation is satisfied in as much as should a new director be appointed, the Company's Board Charter and other corporate governance documentation together with updated financial statements will be given to the new Director, all of which will set out details in respect of: <ul style="list-style-type: none"> • The Company's financial, strategic, operational and risk management position; • Each Director's rights, duties and responsibilities; and • The role of the Board and Management. <p>The Directors of 3D Oil otherwise consider that due to the size of 3D Oil and its board, a formal review procedure is not appropriate at this point in time and has instead adopted a self-evaluation process to measure its own performance.</p>

Requirement	Response
9 Remunerate fairly and responsibly	
<p>9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand:</p> <ul style="list-style-type: none"> (i) the costs and benefits of those policies; and (ii) the link between remuneration paid to directors and key executives and corporate performance. 	<p>This recommendation is satisfied in as much as the details have been included in the current Prospectus. Further disclosure will be given annually in accordance with the Corporations Act and ASX Listing Rules.</p>
<p>9.2 The board should establish a remuneration committee.</p>	<p>This recommendation is not satisfied. Given the size of the Company and the Board, and the start up nature and straight forward structure of the Company, the Directors consider that any efficiencies achieved by the establishment of a remuneration committee would be minimal, not making its establishment cost effective.</p>
<p>9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.</p>	<p>This recommendation is satisfied. However, Board members are entitled to options as set out in the Prospectus having regard to the small number of the Company's management team.</p>
<p>9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.</p>	<p>This recommendation is satisfied, insofar as options issued to the managing director were approved by shareholders and his remuneration arrangements are summarised in the Prospectus.</p>
10 Recognise the legitimate interests of stakeholders	
<p>10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.</p>	<p>This recommendation is satisfied.</p>