



ANTARES ENERGY LIMITED

CORPORATE GOVERNANCE POLICY

Adopted 1 January 2008

CORPORATE GOVERNANCE POLICY

1. ADOPTION

This corporate governance policy (the "**Policy**") was adopted by the Board (the "**Board**") of Antares Energy Limited (the "**Company**") on 14 December 2007 with effect from 1 January 2008.

2. PURPOSE

The purpose of this Policy is to outline to shareholders, investors, employees and the public the system by which the Company is directed and managed. It is designed to influence how the objectives of the Company are set and achieved, how risk is monitored and assessed and how performance is optimised.

3. RESPONSIBILITY AND STRUCTURE OF THE BOARD

3.1 The structure of the Board

The Company recognises the importance of having a Board comprising of directors with an appropriate range of backgrounds, skills and experience to suit the Company's current and future strategies and requirements.

The Company considers that the Board should have at least five directors and will aim to have a majority of independent directors (as required) but acknowledge that this may not be possible at all times due to the size of the company. The Board will determine each director's independence using the guiding principle that an independent director is independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement. In applying the guiding principle, the Board will take into consideration Box 2.1 in the ASX Corporate Governance Principals and Recommendations and appropriate materiality thresholds.

The composition of the Board is determined by the application of the following principles:

- persons nominated as non-executive directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as executive directors must be of sufficient stature and security of employment to express independent views on any matter.
- the Chairman should ideally be independent, but in any case be non-executive and be elected by the Board based on his suitability for the position.
- all non-executive directors are expected to voluntarily review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current strategy and situation, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the Company.
- executive directors shall be expected to retire from the Board on the relinquishment of their executive position with the Company.

Under the Company's Constitution, the minimum number of directors is three. At each Annual General Meeting, one third of the directors (excluding the Managing Director) must resign, with directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

3.2 The Board's role and responsibilities

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. The relationship between the Board and management is a partnership that is crucial to the Company's long term success.

The separation of responsibilities between the Board and management is clearly understood and respected. The Board is responsible for setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals. The Managing Director/Chief Executive Officer is responsible to the board for the day-to-day management of the Company in line with the strategic direction set by the Board. The Chairman is to meet regularly with the Chief Executive at least monthly to discuss the general performance of the Company and any issues arising.

The Board's responsibilities and duties include:

- oversight of the Company, including its control and accountability systems;
- appointing and removing the Chief Executive Officer (or equivalent);
- ratifying the appointment and the removal of the Chief Financial Officer (or equivalent), the Company Secretary and where appropriate, senior executives;
- input into and final approval of management's development of corporate strategy and performance objectives;
- ensuring the principal risks faced by the Company are identified and reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, compliance with accounting standards and legal compliance;
- monitoring the CEO's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of budgets, business plans, major capital expenditure, capital management, and acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- monitoring the operational and financial position and performance of the Company;
- ensuring that financial results are appropriately and accurately reported on a timely basis;
- ensuring shareholders and the market are fully informed of all material developments;
- reviewing and approving the remuneration of the CEO and senior management;

3.3 Responsibilities of Management

The primary responsibilities of Management are to:

- manage the Company's day to day activities;
- develop corporate strategy, budgets, financial plans and proposals for major projects for consideration and approval by the Board;
- manage the execution and implementation of the Company's financial and investment decisions as approved by the Board;
- lead negotiations in relation to material transactions; and
- assume and exercise the powers and perform the duties from time to time vested in Management by the Board;

4. ETHICAL AND RESPONSIBLE DECISION MAKING

4.1 Code of Conduct

The Board has adopted a Code of Conduct for Directors and Officers which is published on the Company's website. The Code of Conduct embraces the values of:

- honesty;
- integrity;
- enterprise;
- excellence;
- accountability;
- justice;
- independence;
- equality of shareholder opportunity.

The Board has also adopted a Code of Conduct to guide all employees and directors in their relationships and dealings, both within and outside the Company.

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

4.2 Trading in Securities by Directors and Others

The Board has adopted two separate and specific policies in relation to directors and officers, employees and other potential insiders buying and selling shares. The Trading Policies are published on the Company's website.

5. BOARD APPOINTED COMMITTEES

Committees are established to assist the Board in performing its duties. Except for the standing committees, the Board is free to form and disband committees as it sees fit. The Board has three standing committees, an Audit and Compliance Committee, a Remuneration Committee and a Nomination Committee.

5.1 Audit and Compliance Committee

The Audit and Compliance Committee should comprise of three non-executive directors, the majority of whom are independent. The audit committee should include members who are all financially literate (i.e. are able to read and understand financial statements); at least one member who has financial expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters); and some members who have an understanding of the industry in which the entity operates.

The Audit and Compliance Committee's role is to:

- (a) review the Company's statutory financial statements, including the annual report and ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- (b) monitor compliance of the accounting records and procedures, in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, Australian Stock Exchange Limited ("ASX") and Australian Taxation Office;
- (c) oversee compliance with statutory responsibilities;
- (d) review internal controls and recommend enhancements, including the appropriateness of an internal audit function;
- (e) ensure that Group operating and management reporting procedures, and the system of internal control, are of a sufficiently high standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- (f) review audit reports and management letters to ensure prompt action is taken by the Company's management; and
- (g) via a process, nominate the external auditor and at least annually review the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged;
- (h) at least annually review the risk register to ensure management are continuously updating the register in line with changes in strategies and business operating conditions and circumstances;
- (i) review the suitability of the Company's insurance programme annually; and
- (j) action any other business processes or functions which may be referred to it by the Board of Directors.

Where appropriate, the Audit Partner responsible for the audit of the Company may be invited to attend Audit and Compliance Committee meetings. The Audit and Compliance Committee may meet at any time without any members of management being present.

The Board considers that the Audit and Compliance Committee will improve the quality of financial reporting, by reviewing the financial statements on behalf of the Board and increase shareholder confidence in the credibility and objectivity of the financial statements.

5.2 Remuneration Committee

The Remuneration Committee should comprise three non-executive directors, the majority of whom are independent. The Remuneration Committee should be chaired by an independent director. The Remuneration Committee meets at least once every year.

The role of the Remuneration Committee is to ensure that appropriate remuneration policies are in place which are designed to meet the needs of the company and to enhance corporate and individual performance.

The Remuneration Committee is responsible for reviewing and recommending to the Board on:

- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- the Company's recruitment, retention and termination policies and procedures for senior management;
- incentive schemes;
- superannuation arrangements;
- the performance management process in place throughout the organization and its effectiveness; and
- the remuneration framework for directors.

As required by law, the remuneration for each director is set out in the notes to the Company's financial reports.

5.3 Nomination Committee

The Nomination Committee should comprise of a minimum of three directors, the majority of whom are independent. The Nomination Committee should be chaired by the Chairperson of the Board or an independent director. The Nomination Committee meets at least once every year.

The Nomination Committee is responsible for the:

- assessment of the necessary and desirable competencies of Board members;
- review of Board succession plans;
- evaluation of the Board's performance;
- recommendations for the appointment and removal of directors.

6. CONTINUOUS DISCLOSURE

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Chief Executive Officer is to ensure that all employees are familiar with and comply with the policy. The Market Disclosure Policy is published on the Company's website.

This Market Disclosure Policy is reviewed at least once each year.

7. MANAGEMENT ACCOUNTABILITY

The Board encourages management accountability for the Company's financial reports by requiring the Chief Executive Officer and the Chief Financial Officer to state in writing to the Board that in their opinion and having made appropriate inquiries:

- (a) the financial statements and associated notes:
 - (i) comply in all material respects with the accounting standards as required under the Corporations Act; and
 - (ii) give a true and fair view, in all material respects, of the financial position and performance of the company and consolidated entity as required under the Corporations Act; and
- (b) with regard to the system of risk management and internal compliance and control of the Company:
 - (i) the statements made in paragraph (a) above regarding the financial statements are founded on a system of risk management and internal compliance and control which is designed to provide reasonable assurance, in all material respects, in relation to:
 - (A) the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - (B) compliance with applicable policies adopted by the Board; and
 - (ii) to the extent that they relate to financial reporting and associated controls has been operating effectively and efficiently, in all material respects.

These statements are made on the basis of the guidance and implied qualifications recognised by the ASX Corporate Governance Council in its *Guidance in relation to the interpretation of Principle 7* released in November 2003 as to the intended scope and meaning of "operating efficiently and effectively".

8. SHAREHOLDERS

8.1 Policy for Effective Communication with shareholders

The Company places significant importance on effective communication with shareholders.

Information is communicated to shareholders through the distribution of the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media and the Chairman's and Managing Director's addresses at the annual general meeting.

The Company posts all reports, Australian Stock Exchange and media releases, copies of significant business presentations and speeches on the company's website – www.antaresenergy.com.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the e-List via our website. If requested, the Company will provide general information by email, facsimile or post.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

8.2 Annual General Meeting

The Company will ensure that the annual general meeting is held in a manner that enables as many shareholders as possible to attend and encourages effective participation by shareholders.

The Company will request that its external auditor attend the Company's 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 Chairperson of that meeting will allow a reasonable opportunity for members to ask questions about the Company's performance and operations and ask questions of the external auditor concerning the conduct of the audit and the preparation and content of the auditor's report.

9. RISK MANAGEMENT

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Board's Risk Management Policy is published on the Company's website. The Board oversees the risk management of the Company through the Audit and Compliance Committee.

The Board, through the Audit and Compliance Committee, maintains a risk register ranking all the identified risks of the business and how the significant risks are being managed.

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

- Board approval of a strategic plan, which encompasses the group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of both financial and non-financial KPIs.
- Regular reviews of the risk register by the Audit and Compliance Committee and subsequent reporting to the Board.
- Board approved commitment and expenditure levels for management.
- An insurance programme which is reviewed by the Audit and Compliance Committee.
- Management's reporting to the Audit Committee and Board on the above.

The Company does not have a separate internal audit function as the Board considers the Company is not yet large enough to justify the cost of doing so.

10. ACCESS TO INFORMATION

Management will supply the Board with information in a form, timeframe and quality that will enable the Board to effectively discharge its duties. Directors are entitled to request additional information where they consider that the information supplied by management is insufficient to support informed decision-making.

11. ROLE OF THE COMPANY SECRETARY

Under this Corporate Governance Policy all directors have access to the Company Secretary and the appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed, and coordinating the completion and despatch of Board agenda and briefing materials.

The Company Secretary is accountable to the Board, through the Chairperson, on all governance matters.

12. INDEPENDENT PROFESSIONAL ADVICE

Each director has the right, subject to the Chairman's prior approval, to seek independent professional advice at the Company's expense on matters arising in the course of their Board duties.

13. REMUNERATION

It is the Company's objective to provide maximum shareholder benefit from the recruitment and retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- motivation of key executives to pursue the long-term growth and success of the Company;
- the attraction and retention of quality management by the Company; and
- performance incentives which allow executives to share the rewards of the success of the Company and demonstrate a clear relationship between executive's performance and remuneration.

The amount of remuneration and all monetary and non-monetary components for each of the five highest-paid (non-director) executives during the year and for all directors is disclosed in the Company's Annual Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation for the directors themselves and the Chief Executive Officer and the executive team. The Board has established a Remuneration Committee, comprising three non-executive directors.

13.1 Executives

Executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the company's circumstances and goals. A proportion of executive directors' remuneration should be structured in a manner designed to link rewards to corporate and individual performance. This is done by considering the following remuneration components:

- fixed remuneration;
- performance-based remuneration;
- equity-based remuneration within thresholds set in plans approved by shareholders; and
- termination payments.

13.2 Non-executives

- a) non-executive directors are remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or equity); they do not participate in schemes designed for the remuneration of executives.

- b) non-executive directors do not receive bonus payments but may receive options to acquire ordinary shares in the Company with the approval of shareholders.
- c) non-executive directors are not provided with retirement benefits other than statutory superannuation.

14. REGULAR BOARD REVIEWS

14.1 Board Composition and Performance

At least once a year a review of the Board's composition and performance is conducted. This review may be conducted internally by the Chairman utilising a confidential questionnaire methodology or externally through a suitable independent consultant. This review includes:

- a) determining the appropriate balance of skills and experience required to suit the Company's current and future strategies;
- b) comparing the requirements in a) above against the skills and experience of current directors;
- c) assessing the independence of each director;
- d) assess the effectiveness of the Board's Committees;
- e) measuring the contribution and performance of each director based on both measurable and qualitative indicators;
- f) assessing any education requirements or opportunities;
- g) recommending any changes to Board procedures, Committees or the Board composition;
- h) performance of the Managing Director; and
- i) performance of the Company Secretary.

The results of the review are presented to the Nomination Committee initially, then to the Board.

14.2 Corporate Governance

At least once a year the Board meets with the specific purpose of conducting a review of its corporate governance policy. This review includes:

- a) confirming the separation of responsibilities between itself and management;
- b) division of responsibilities between the Chief Executive and the Chairman;
- c) compliance by the Company and its officers and employees with the Market Disclosure Policy.

14.3 Meeting without management.

At least twice a year the non-executive directors meet without management present to discuss the following:

- a) the performance of management in supplying the Board with information in a form, timeframe and quality that enables the Board to effectively discharge its duties;
- b) any particular concerns regarding any or all executive directors;
- c) performance reviews of executive directors.

14.4 Senior executive performance.

At least once a year the Managing Director undertakes a performance evaluation of all senior executives, some of which may be executive directors. This evaluation is then disclosed to the Board, usually at the same time as the remuneration review. Any executive directors that are also senior executives are not present when their own evaluation is tabled. Performance evaluations may take into account, among other factors:

- a) the executive's performance compared to that expected from someone in that position; and
- b) the executive's contribution to the overall success of the Company.

Approved by the Board of Antares Energy Limited on 14 December 2007.

A handwritten signature in black ink that reads "Howard McLaughlin".

Howard McLaughlin
Managing Director/CEO
for and on behalf of the Board of Directors