



**Echelon Resources Limited**

**DELEGATED AUTHORITIES MANUAL**

# **1 Introduction**

## **1.1 General Delegation**

While the Board has overall and final responsibility for the business of Echelon Resources Limited (**Echelon**), it chooses to delegate much of the day-to-day decision making and policy implementation of Echelon to the Chief Executive Officer (**CEO**). The CEO, in turn, chooses to delegate a subset of his delegated authority to his management team (**Direct Reports** or **DRs**).

## **1.2 Purpose of this Manual**

This Delegated Authorities Manual (**Manual**) sets out these delegations, first by setting out the basic delegations of authority (both from the Board to the CEO and from the CEO to his DRs) and then by setting out the limits on those basic delegations. This Manual is designed to provide clarity to the CEO and management so that they are in a position to carry out the business of Echelon in an efficient and effective manner within the parameters of proper corporate governance.

## **1.3 Sub-delegation**

The:

- (a) CEO may, in addition to the sub-delegation contemplated by **section 1.1**, sub-delegate their delegated authorities to their DRs from time to time; and
- (b) DRs may sub-delegate their delegated authorities to their staff (including contractors) from time to time;

as is necessary and appropriate to enable them to carry out their duties.

The DRs must do so by completing the prescribed “Delegated Financial Authority” form (set out in **Appendix I**). Any sub-delegation by the DRs must be approved by the CEO and, in each case, is not authorised until such approval is obtained. Note that if a DR is absent for a reasonable period of time, he or she should arrange for a delegate to perform his or her delegated authorities.

The CEO, by default and automatically, sub delegates their delegated authorities to their DRs according to the following standing call down list, when the CEO is travelling, out of the office or unavailable for an extended period of time, as elected in writing by the CEO, or on leave:

1. General Counsel;
2. Chief Financial Officer;
3. General Manager Exploration and Appraisal;
4. General Manager Commercial.
5. General Manager Assets and Engineering

## **1.4 Obligation of Executives and employees to act in best interests of Echelon**

Executives and employees making decisions under a delegated or sub-delegated authority must act in the best interests of Echelon to implement the business strategy and business operations plan safely, with integrity and in compliance with Echelon policies and the law. Ultimate responsibility and accountability still rests with the delegator and sub-delegator. Sub-delegations by the CEO or DRs do not, therefore, detract from the responsibility and accountability of the CEO and DRs.

## **1.5 Obligation to act within delegated authority**

The CEO must not act outside the delegated authorities set out in this Manual without the prior written approval of the Board. Similarly, DRs must not act outside their delegated authorities, as set out in this Manual, without the prior written approval of the CEO (and the Board if the authority in question is outside the CEO's delegated authorities). Failure to observe the limits on the basic delegations set out in this Manual will be treated as a serious breach of company policy.

## **1.6 Ethical issues are dealt with in Protected Disclosures (Whistleblower) Policy**

To the extent that any issues of an ethical nature arise, the guiding document for employees shall be the Echelon Protected Disclosures (Whistleblower) Policy rather than this Manual.

## **1.7 Application of this Manual**

This Manual applies to Echelon and all of its controlled subsidiaries. **1.8**

## **Interpretation**

In this Manual:

**Board** means the board of directors of Echelon;

**Board Commercial Committee** means, at a minimum the Managing Director and a Board nominated director, and may include other directors invited to join from time to time (originally composed of Andrew Jefferies and Alastair McGregor); and

**Echelon Group** means Echelon and each of its controlled subsidiaries.

## **1.9 Administration of this Manual**

### **(a) Controlled document**

This Manual is a controlled document. The master copy is controlled by the Company Secretary.

### **(b) Amendments to delegations from Board**

Amendments to delegations from the Board to the CEO must be approved by the Board and then incorporated into the Manual by the Company Secretary (copies of relevant resolutions to be filed with the master copy).

### **(c) Amendments to delegations from CEO**

The CEO may amend his delegations to the DRs from time to time and may specify delegated authorities for new positions provided that such delegations are consistent with his delegated authorities. Such amendments or additions must be notified to the Board at the next Board meeting, and incorporated into the Manual by the Company Secretary.

(d) **Delegated Financial Authority forms**

Delegated Financial Authority forms (as set out in **Appendix 1**) should be forwarded to the Company Secretary for filing, unless the sub-delegation for the approval of invoices has been activated using the Workflow Delegation function in Dynamics 365 (D365).

(e) **Periodic review of Manual and sub-delegations**

The delegations contained in this Manual should be reviewed periodically. Sub-delegations should be reviewed regularly and updated where necessary.

## **2 Basic Delegations**

### **2.1 Chief Executive Officer**

(a) The basic delegation of authority from the Board to the CEO is:

(i) to conduct the day to day affairs of Echelon so as to:

(A) achieve its business objectives by acting in conformity with approved policies and decisions of the Board and by achieving approved budgets and other targets; and

(B) otherwise meet the requirements of the law and good governance.

This includes approving and signing on behalf of Echelon contracts/ agreements arising in the ordinary course of business, unless they otherwise require Board approval under this Manual;

(ii) to recommend to the Board desirable changes in Echelons business, performance or policies; and

(iii) to establish areas of responsibility and limits of authority for the DRs.

(b) It remains the prerogative of the CEO to bring any matter to the Board for review or approval if in the CEO's judgment it is appropriate to do so. The CEO has the responsibility to keep the Board well informed.

(c) If, for whatever reason, the CEO is unexpectedly unavailable and has not sub-delegated some or all of his delegated authorities under sections 1.1 and 1.3 then, to the extent that those delegated authorities have not already been sub-delegated, the CFO is granted the delegated authority of the CEO until such time as the CEO is again available.

### **2.2 Direct Reports**

The basic delegation of authority from the CEO to each DR is:

- (a) to conduct the day to day affairs of that DR's area of responsibility so as to:
  - (i) achieve Echelons business objectives by acting in conformity with the directions of the CEO, approved policies and decisions of the Board, and by achieving approved budgets and other targets; and
  - (ii) otherwise meet the requirements of the law and good governance.

This includes approving and signing on behalf of Echelon contracts/agreements arising in the ordinary course of business for the DR's area of responsibility, unless they otherwise require CEO or Board approval under this Manual; and

- (b) to recommend to the CEO desirable changes in Echelon business, performance or policies.

## **2.3 Basic Delegations Subject to Limits and Appropriate Discretion**

- (a) These basic delegations set out in **sections 2.1** (Chief Executive Officer) and **2.2** (Direct Reports) are subject to the limits set out in the remainder of this Manual.
- (b) Where a particular matter does not appear to be covered by this Manual, or presents particular strategic issues or risks, appropriate judgment will continue to be required. Where appropriate, the Board or CEO should be informed and their approval sought.

## **2.4 Board Commercial Committee**

The Board delegates to the Board Commercial Committee responsibility for reviewing and assessing, and the authority to approve:

- (a) Permit Joint Operating Agreement budgets; and
- (b) due diligence budgets for projects and opportunities.

# **3 Limits On Basic Delegations**

## **3.1 Overview**

This section sets out limits on the basic delegations set out in the previous **section 2**. Basic Delegations, in respect of the following:

- 3.2 *operating and capital expenditure;*
- 3.3 *authority to approve and sign contracts/agreements;*
- 3.4 *treasury;*
- 3.5 *acquisitions and disposals of property*
- 3.6 *human resources;*
- 3.7 *communications;*
- 3.8 *retention of consultants; and*
- 3.9 *litigation.*

Note that a proposed action may be limited under more than one of the above. In particular, for a contract/agreement, the general authority will normally be limited by both (1) *operating and capital expenditure* (for expenditure) and (2) *authority to approve and sign contracts/agreements* (for approval and execution).

### 3.2 Operating and Capital Expenditure

The CEO and DRs may only authorise operating and capital expenditure up to the limits set out in the table below (subject to the exceptions and further restrictions set out below in **section 3.2(b)** (Exceptions and restrictions)). The limits apply per transaction or series of related transactions. A transaction or series of related transactions must be treated under only one category of expenditure (e.g. budgeted, “other” unbudgeted or “emergency” unbudgeted). If, for example, an item of expenditure exceeds the budgeted limit, but by an amount within the “other” unbudgeted limit, the item exceeds the specified limits and approval for the item will need to be sought.

#### (a) Limits on Operating and Capital Expenditure

Position	Operating Expenditure <sup>(1)</sup>		
	Capital Expenditure (\$000) <sup>(2)</sup>		
	Budgeted <sup>(3)</sup>	Unbudgeted	
Other <sup>(4)</sup>		Emergency <sup>(5)</sup>	
CEO <sup>(6)</sup>	Up to the amount specified in the budget plus 10% <sup>(6)</sup>	250 <sup>(7)</sup> (increased for immediate operational requirements to 1,000 and with approval of the Audit Chair, to 5,000)	Unlimited <sup>(8)</sup>
Chief Financial Officer	50	25	100 <sup>(9)</sup> 500 <sup>(9)(10)</sup>
General Counsel	50	25	100 <sup>(9)</sup> 500 <sup>(9)(10)</sup>
General Manager Exploration and Appraisal	100	50	100 <sup>(9)</sup> 500 <sup>(9)(10)</sup>
General Manager Assets and Engineering	100	50	100 <sup>(9)</sup> 500 <sup>(9)(10)</sup>
General Manager Commercial	50	25	100 <sup>(9)</sup> 500 <sup>(9)(10)</sup>
Office Experience Manager	10	NA	NA

Position	Operating Expenditure <sup>(1)</sup>		
	Capital Expenditure (\$000) <sup>(2)</sup>		
	Budgeted <sup>(3)</sup>	Unbudgeted	
Other <sup>(4)</sup>		Emergency <sup>(5)</sup>	
CMT Crises Manager and CMT Operations Manager <sup>(11)</sup>	NA	NA	500 <sup>(9)</sup>
Director	NA	NA	500 <sup>(9)</sup>

Notes:

- (1) **“Operating expenditure”** covers all items of production or administrative expenditure, including insurance premiums and the purchase of consumable spare parts.
- (2) **“Capital expenditure”** includes any proposal that will result in an addition to Echelon fixed assets or will otherwise be accounted for by Echelon as capital (e.g. project expenditure relating to longer term commitment to assets). Capital expenditure also includes investments in listed or unlisted securities of potential subsidiaries or related companies. Separate limits apply for proposals relating to buildings, land and interests in land (refer **section 3.5** (Acquisitions and Disposals of Property)). Capital expenditure approvals sought should be on a project basis rather than for individual components of a project.
- (3) **“Budgeted”** expenditure is expenditure which is specifically identified in the annual budget as a class of expenditure or otherwise approved by the Board Commercial Committee pursuant to clause 2.4.
- (4) **“Other”** expenditure is expenditure which is not budgeted or emergency expenditure.
- (5) **“Emergency”** expenditure is expenditure associated with an Emergency or Crises, as defined in the Echelon Emergency/Crises Management Plan and Procedures (which includes but is not limited to any unplanned hazardous or potentially hazardous situation where there is danger to people, the environment or property or any situation (most likely an emergency of significant impact) resulting or potentially resulting in significant ramifications for Echelon in terms of image, operability, profitability or legal liability).
- (6) The CEO’s monthly report to the Board must include a comparison of actual operating expenditure to budgeted operating expenditure, with explanations of significant variances. It should also note any unbudgeted capital expenditure that the CEO authorises in excess of \$100,000.

- (7) Exercise of this authority to be notified to the Board by email as soon as practicable after the event.
- (8) The CEO must seek subsequent ratification from the Board for any unbudgeted emergency expenditure approved in excess of \$500,000 (in the case of operating expenditure) or \$250,000 (in the case of capital expenditure).
- (9) Each time a DR, CMT Crises Manager, CMT Operations Manager or Director approves emergency expenditure she or he must provide the CEO with a written report at the earliest opportunity following the approval.
- (10) The limit is increased to \$500,000 if the CEO is not available (and has not delegated relevant authority) with the approval of at least one other manager (CFO, General Counsel, General Manager Exploration and Appraisal, General Manager Assets and Engineering and General Manager Commercial).
- (11) Only applies to individuals rostered in those roles at the relevant time.

**(b) Exceptions and restrictions**

Despite the limits set out in the table above:

- (i) all sponsorships over \$50,000 (whether applicable to one or more years) and all political donations must be approved by the Board;
- (ii) the CEO and DRs have authority to approve the items set out in the table below up to any amount (unless an amount is specified in the table) within the ordinary course of business.

Expenditure and commitments	CEO	Chief Financial Officer	General Counsel	General Manager Assets and Engineering	General Manager Exploration and Appraisal
Joint Venture budgets <sup>(1) (2)</sup>	✓			✓	✓
Authorities for Expenditure (AFEs) <sup>(3)</sup>	✓			✓	✓
Cash calls under Joint Venture budgets <sup>(4)</sup>	✓	✓		✓	✓
Taxes (including corporation tax, GST, and FBT)	✓	✓			
Interest and other finance/borrowing costs payments	✓	✓			
Dividend payments <sup>(5)</sup>	✓				
Auditors' fees and expenses <sup>(6)</sup>	✓	✓	✓		



<b>Expenditure and commitments</b>	<b>CEO</b>	<b>Chief Financial Officer</b>	<b>General Counsel</b>	<b>General Manager Assets and Engineering</b>	<b>General Manager Exploration and Appraisal</b>
Payroll	✓	✓			
PAYE	✓	✓			
Intra-group (i.e. within NZOG) settlements/payments of invoices and transfers of funds	✓	✓	✓		
Capital management (including share buybacks) approved by the Board	✓	✓	✓		

- (1) Prior to approval of the JV Budget the JV Budget amount must have prior approval under an Echelon Budget, including budgets approved by the Board Commercial Committee. An indicative cost, either included in a PSC or permit application approved by the Board Commercial Committee, the Board, or in a Board Memorandum requesting (and having received) approval of the Board for a PSC or permit application for a committed term of the PSC or permit, is taken to have received approval under an Echelon Budget.
- (2) Echelon Budget approval of any joint venture expenditure is deemed to include approval for any overruns which the relevant operator is permitted to incur under the relevant JOA without further approval from the joint venture operating committee. JOA's typically permit the operator to incur over expenditure of up to 10% on any budget line item up to a total of 5% of the total budget.
- (3) Prior to approval of the AFE the AFE must have been issued in compliance with the relevant JV Budget (which itself complies with (1) above).
- (4) Prior to approval of a Cash Call the Cash Call must have been issued in compliance with the relevant JV Budget (which itself complies with (1) above) and where the relevant JOA requires, the Cash Call must have been issued in compliance with the relevant AFE (which itself complies with (2) above).
- (5) As authorised by the Board in accordance with section 52 of the Companies Act 1993.
- (6) Up to the level fixed by the Board in accordance with section 207S of the Companies Act 1993.

### **3.3 Contracts/Agreements**

The CEO's and DRs' basic delegated authority to approve contracts/agreements arising in the ordinary course of business and execute them on behalf of Echelon is limited by the following:

- (a) **(Deeds)** all Deeds must be signed by the directors and/or authorised persons or attorneys of the relevant Echelon Group company in accordance with the requirements of that company’s constitution. Note that DR’s are not automatically “authorised persons” for this purpose. For Echelon, all Deeds may be signed by:
- (i) two or more Directors;
  - (ii) any Director, together with any other person authorised by the Board whose signature must be witnessed; or
  - (iii) one or more attorneys appointed by the Company;
- (b) **(Specified contracts)** contracts/agreements of the type described in the table below may only be approved and executed (provided they are not deeds) by the CEO and DR’s provided that they do not exceed:
- (i) the limits specified in the table below;
  - (ii) the limits set in **section 3.2** (Operating and Capital Expenditure); or
  - (iii) any other limits set out in this **section 3** (Limits on Basic Delegations);
- (c) **(Document Execution Request)** the Document Execution Request Form contained in **Appendix 2** must be completed prior to execution, including having had internal or external legal review. These forms should be stored together with the original of the contract/agreement in Echelons Material Documents Register.

If the CEO and relevant DR are not available to execute a contract/agreement, then the directors of the relevant Echelon Group company should execute the contract/agreement in accordance with that company’s constitution. The General Counsel should be consulted in cases of doubt.

Position	Type of Contract and Limit on Authority				
	Joint Venture Agreements	Farm-in/Farm-out Agreements <sup>(1)</sup>	Purchasing Contracts <sup>(2)</sup>	Confidentiality Agreements	Petroleum Product Sales Contracts <sup>(3)</sup>
CEO	✓	✓	✓	✓	✓
Chief Financial Officer	X	X	✓	✓	X
General Counsel	X	X	✓	✓	X
General Manager Exploration and Appraisal	X	X	✓	✓	X

Position	Type of Contract and Limit on Authority				
	Joint Venture Agreements	Farm-in/Farm-out Agreements <sup>(1)</sup>	Purchasing Contracts <sup>(2)</sup>	Confidentiality Agreements	Petroleum Product Sales Contracts <sup>(3)</sup>
GM Assets and Engineering	X	X	✓	✓	X
GM Commercial	X	X	✓	✓	X

- (1) Up to a financial commitment of \$1 million, net for Echelon.
- (2) Up to Operating Expenditure delegated authority as specified in **section 3.2** (Operating and Capital Expenditure).
- (3) The limits for a transaction or series of related transactions are:
- (a) for a sales contract in the ordinary course of business, up to \$50 million; and
  - (b) for a sales contract otherwise than in the ordinary course of business, up to \$5 million.

### 3.4 Treasury

Limits on treasury delegations are set out in the Treasury Policy and the NZETS Obligations Policy, as such policies are amended and approved by the Board from time to time. The Chief Financial Officer is responsible for operation of treasury functions.

### 3.5 Acquisitions and Disposals of Property

The CEO and the DRs referred to below may only approve and enter into the property agreements described in the table below up to the specified limits.

Position	Agreement Details		
	Type of Agreement <sup>(1)(2)</sup>	Limit on Authority	
		Value	Other
CEO	Agreement relating to interests in land (including leases of office space and easements but excluding Farm-in/Farm-out agreements which are dealt with in the table in <b>section 3.3</b> )	\$500,000	For business purposes
	Agreement for disposal of other assets (including		

	investments, shares, plant etc)		
Chief Financial Officer General Counsel	Agreement relating to interests in land (including leases of office space and easements)	\$50,000	For business purposes

- (1) Deeds must be signed in accordance with the relevant Echelon Group company constitution (refer to **section 3.3 (Contracts/Agreements)**).
- (2) The acquisition or disposal of petroleum permits is excluded from this authority and must in all cases be approved by the Board.

### 3.6 Human Resources

#### (a) CEO authority

The CEO has authority to appoint and dismiss employees and manage general employee-related issues in the ordinary course of business. This includes recruiting new personnel with the exception of a DR, approving termination payments or settlements of employment disputes up to \$50,000, approving and executing employment contracts on behalf of Echelon (including collective agreements) and approving incentive payments. However, the CEO will first agree:

- (i) any substantial reorganisation of staff;
- (ii) appointment or dismissal of a DR;
- (iii) incentive payments for DRs; and
- (iv) settlement of employment disputes or termination payments for these personnel above \$50,000;

with the Nomination and Remuneration Committee of the Board.

#### (b) Payroll

The CFO has delegated authority from the CEO to approve the monthly payroll up to any amount as specified in **section 3.2 (b)** (Operating and Capital expenditure).

### 3.7 Communications

Any submission to a Government department or organisation that does or is likely to require Ministerial involvement must be approved by the CEO and, where appropriate, the Board.

Authority for communication with shareholders and other stakeholders is generally dealt with in the Communications and Market Disclosure Policy.

### 3.8 Retention of Consultants

The CEO may approve the appointment of consultants where the fees are budgeted or expected to be under \$250,000 (per individual project). The DRs may approve the appointment of consultants up to their expenditure limits, as set out in **section 3.2** (Operating and Capital Expenditure).

### 3.9 Litigation

The CEO may approve/manage the type of litigation (including all proceedings in courts and tribunals, mediation and arbitration) set out in the table below, up to the limits specified.

Position	Type of Litigation	Limit on Authority
CEO	Litigation to be initiated by NZOG	Involving amounts up to \$500,000
	Litigation initiated or threatened by other parties against or affecting NZOG	Unlimited

The Board must be informed as soon as practical of matters involving amounts greater than \$50,000 or which present significant external relations issues or give rise to other strategic considerations.


## 4 Review

This manual is to be reviewed on a regular basis.

## Appendix 1

<b>DELEGATED FINANCIAL AUTHORITY FORM</b>			
<b>New    Change    Delete    (Circle which applies)</b>			
<b>Name and Title</b>			
<b>Delegated authority being sub-delegated:</b> [e.g. to approve invoices, enter into and sign contracts, engage external contractors, including any limits on duration or purpose e.g. until 30 October 20XX or for period of Project X]			
<b>Financial Limits:</b>			
Authority	Budgeted	Unbudgeted	Emergency
<b>OPEX</b>			
<b>CAPEX</b>			
<b>Sub-delegated to:</b>			
<ul style="list-style-type: none"> <li>• [name of colleague or title of colleague]</li> </ul>			
Signature of Delegator			
Date:			
<b>Approved by Chief Executive Officer (or Chair of Board where CEO is Delegator)</b>			
Signature:			
Date:			
<i>The completed form should be forwarded to the Company Secretary.</i>			
<p>It is noted that, sub-delegation for the approval of invoices can be activated using the Workflow Delegation function in Dynamics 365 (D365). This allows delegation to be automatically updated in D365 to the required staff member for a particular period of time. Invoices can then be sub-delegated for approval in a controlled and efficient manner. This process may supplant this form.</p>			

## Appendix 2

		
<b>DOCUMENT EXECUTION REQUEST</b>		
<b>DATE</b>		
<b>PERMIT</b>		
<b>INTERNAL FILE NUMBER</b>		
<b>COMPANY</b>		
<b>DOCUMENT TITLE</b>		
<b>PARTIES</b>		
<b>KEY WORDS</b>		
<b>DOCUMENT SIGNATORIES</b>		
<b>APPROVAL</b>	<b>Approved by:</b>	Tick (✓)
	A resolution of the Board	
	Date:	
	Delegated authority	
	Other:	
<b>HSE REVIEW</b>	<b>Reviewed by (HSE):</b>	
	<b>Contract HSE Risk (select)</b>	<b>High / Med / Low</b>
	<b>Contract HSE Capability Assessment complete</b>	
	<b>Signature:</b>	
<b>LEGAL REVIEW</b>	<b>Reviewed by:</b>	Tick
	Internal	
	Signature:	
	External	
	Firm:	

<b>EXECUTIVE REQUEST</b>	Name:  Signature:
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