

**Jersey Oil and Gas plc
("the Company")
Corporate Governance**

Chairman's Statement

The Board of Jersey Oil and Gas plc ("JOG," "the Company" or the "Group"), believes that a sound corporate governance policy, involving a transparent set of procedures and practices, is an essential ingredient to the Company's success both in the medium and long term. The application of these policies enables key decisions to be made by the Board as a whole, and for the Company to function in a manner that takes into account all stakeholders in the Group, including shareholders, employees, suppliers and business partners.

As a company quoted on AIM, JOG is also required to comply with a recognised corporate governance code. At the current stage of the Company's development, the Board believes it appropriate for the Group to comply with the QCA Corporate Governance Code (the "QCA Code"), which is a code designed for growing companies and provides an effective and proportionate governance framework that is reflective of the Group's culture and values. As Chairman of the Board, it is my responsibility to ensure these policies and procedures are in place and operate effectively.

The QCA Corporate Governance Code

	Principle	Disclosure
1	Establish a strategy and business model which promotes long-term value for shareholders	<p>JOG is an Oil & Gas company whose principal activity is that of an upstream oil and gas business in the United Kingdom.</p> <p>The Company's strategy and business model is set out in the Company's Annual Report (pages 2-18) and during 2020 this was primarily focussed on the development of the Company's licence interests referred to as the Greater Buchan Area ("GBA").</p> <p>The Company seeks to generate shareholder value from bringing the core area of the GBA into production as soon as reasonably practicable, in addition to obtaining value from its nearby exploration prospects.</p> <p>The Annual Report (pages 22-23) sets out a number of risks and uncertainties that may represent challenges to the execution of the Company's strategy and business model, and how such risks and uncertainties are managed by the Company.</p>

2	Seek to understand and meet shareholder needs and expectations	<p>The Board considers that good communication with shareholders, based on the mutual understanding of objectives, is important. In addition to the publication of the Group's Annual and Interim reports, there is regular dialogue between the Board (led by the Chief Executive Officer) and shareholders, as well as required public announcements. The Chief Executive Officer, the Chief Operating Officer and the Chief Finance Officer also give regular presentations to investors, including one-to-one meetings with major shareholders during the year, in addition to specific meetings with shareholders relating to major transactions.</p> <p>A constant and up-to-date information flow is also maintained on the Group's website which contains all press announcements and financial reports as well as extensive operational information on the Group's activities. The Board also encourages shareholders to attend the Annual General Meeting, at which members of the Board are available to answer questions and present a summary of the year's activity and the corporate outlook for the Group.</p>
3	Take into account wider stakeholder and social responsibilities and their implications for long term-success	<p>We take a very active role in addressing the environmental, social and governance aspects of our business.</p> <p>As a relatively small and inclusive organisation, the Company is readily aware of any employee practices that are inconsistent with its values and plans for long-term sustainable success. The Company nevertheless has in place many of the procedures found in larger companies, together with a wealth of experience on the Board in addressing employee related matters</p> <p>Our operating activities are led by the principles of the UN Global Compact as we continue to define and assess the social and environmental impacts of the Company's flagship GBA development project.</p> <p>During 2021 we published a Carbon Policy (available on our website) which aims to reduce the Company's carbon footprint to its lowest possible levels, for the benefit of our shareholders and other stakeholders. Under this policy the Company has employed pioneering solutions to carbon emissions management, such as the planned electrification of our proposed GBA oil & gas production platform.</p> <p>The Board firmly believes that high Health, Safety, Security and the Environment ("HSSE") standards crucial to the Company's operational success. All Directors, officers, managers, employees and contractors are required to comply with its HSSE Policy, which is reviewed periodically by the Board and, if necessary, updated and re-issued. Our overall approach to stakeholder and social responsibilities, is covered in further detail in the Sustainability Report contained in the 2020 Annual Report (pages 28- 33).</p>

4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	<p>The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the execution of the Company's strategic objectives and business model.</p> <p>These controls include Board approval for all policies, procedures and significant projects.</p> <p>The Board monitors financial controls through, a) a budgeting and planning process, requiring approval by the Board, b) the receipt of monthly management reports covering the Company's financial affairs, c) internal controls as articulated in the Group's Financial Reporting Procedures, and d) a review by the Audit Committee of the draft annual and interim reports, and the Company's annual budget, before being recommended to the Board.</p> <p>As regards non-financial risks and opportunities, and given the current size of the Company, it is considered preferable for this part of the Company's risk management to be the responsibility of the Board as a whole, rather than a sub-committee. As part of this process, a company-wide Risk Register, together with a project specific Risk Register, are maintained by the Chief Operating Officer and presented at every Board meeting.</p>

5	<p>Maintain the Board as a well-functioning, balanced team led by the chair</p>	<p>The Board is the main decision-making body of the Company which meets both formally and informally during the year.</p> <p>The Board is comprised of:</p> <ul style="list-style-type: none"> • Marcus Stanton, Non-Executive Chairman • Andrew Benitz, Chief Executive Officer • Ron Lansdell, Chief Operating Officer • Vicary Gibbs, Chief Financial Officer • Frank Moxon, Senior Independent Director, • Les Thomas, Non-Executive Director <p>All of the Executive Directors are employed under service contracts and work full time for the Company.</p> <p>The Non-Executive Directors work part time, for approximately three to six full days each month, with additional time commitments depending on new Company developments as they arise. The Board considers that all three of the non-executive directors, Marcus Stanton, Frank Moxon and Les Thomas are independent in character and judgement. All three have shareholdings (acquired with their own funds) while Marcus Stanton and Frank Moxon have limited share options (granted as part of the annual remuneration process and approved by the Board), and the Board considers that this does not impair their judgement.</p> <p>The QCA Code recommends that non-executive directors serve up to a maximum of nine years, in order to maintain their independence from the executive members of the Board. In this connection, Mr Stanton (Non-Executive Chairman of JOG), was first appointed a non-executive director of Trap Oil in 2011 and took on the role of non-executive Chairman in 2014, following the departure of the then Chairman, Chief Executive Officer and Chief Operating Officer. Mr. Stanton, who has extensive Board management experience, including within the oil and gas sector, was responsible for the rationalisation of the company's operations during 2014 to 2015 leading up to the subsequent reverse takeover by JOG in 2015. For corporate governance purposes the Board of JOG regard the nine-year period relating to Mr. Stanton as effectively commencing with the initial listing of JOG on AIM (in 2015), which introduced a new Chief Executive Officer, a new Chief Operating Officer and a new set of controlling shareholders.</p>
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The Board and its Committees receive appropriate and timely information prior to each meeting. A formal agenda is produced for each meeting and Board Committee papers are distributed before meetings take place. Specific actions arising from meetings are agreed by the Board or relevant committee and then followed up by management.

All directors spend such time as is necessary to effectively carry out their roles and directors have access to advice or services needed to enable them to carry out their roles and duties.

Board and Committee Attendance in 2020

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Non-Executive Directors								
M J Stanton	6	6	5	5	3	3	—	—
F H Moxon	6	6	5	5	3	3	—	—
L Thomas (appointed 13 th April 2021)	—	—	—	—	—	—	—	—
Executive Directors								
J A Benitz	6	6	—	—	—	—	—	—
R J Lansdell	6	6	—	—	—	—	—	—
V J Gibbs	6	6	—	—	—	—	—	—

In addition, at the end of each month the Chief Executive briefs the Non-Executive Directors on current developments.

6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	<p>The Board, as a whole, seeks to maintain an appropriate mix of experience, skills, personal qualities and capabilities in order to deliver the strategy of the Company. As a small but growing company this presents its own challenges, with Board members taking on responsibilities for dealing with corporate developments as and when opportunities, or problems, arise.</p> <p>The skills and experience of the Board are set out in the 2020 Annual Report (pages 26-27) and are considered by the Board as representing an appropriate range of capabilities needed to deliver the strategy of the Company for the benefit of its shareholders over the medium to long term. The experience and knowledge of each of the Directors, and the steps taken to keep these skill sets up to date, gives them the ability to constructively challenge strategy and to scrutinise performance.</p> <p>The Board is assisted by Ian Farrelly, the Company Secretary, whose services are retained through a contract with MSP Corporate Services Limited, a professional company secretarial services provider.</p>
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	<p>The Group seeks to undertake an evaluation of Board performance on an annual basis or on an ad hoc basis, as considered appropriate.</p> <p>A formal Board evaluation process was last completed in January 2020, which was led by the Chairman, assisted by the Company Secretary. Individual directors responded to a detailed questionnaire covering numerous aspects of the effectiveness of the Board's performance as a unit, as well as that of its committees and the individual directors. The results of this questionnaire were compiled into a formal report that was reviewed and discussed by the Board. The overall results of the report were encouraging in that the consensus was that the Board, its committees and individual directors were felt to be performing well. The next Board evaluation process is planned to take place once progress has been made in identifying an appropriate partner for the development of our oil and gas interests in the Greater Buchan area.</p> <p>.</p>

		<p>Succession planning is reviewed periodically both at the Board level and at the level of senior management. This is undertaken from the perspective of the development of the Board as a whole as the business develops, and unanticipated departures.</p>
8	Promote a corporate culture that is based on ethical values and behaviours.	<p>The Board believes that the long-term success of the Company is underpinned by a corporate culture that is based on ethical values and behaviors. Many of these are highlighted in an extensive employee Staff Handbook which draws together all of the Company's rules, policies and procedures.</p> <p>These values, which we seek to instill throughout the Group, include integrity, respect, honesty and transparency and are led by the behavioral example of individual Board members, particularly the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer.</p> <p>The Company also operates a well-defined organisational structure through which we seek to determine that our ethical values and behaviors are recognised and respected, in addition to which every employee is aware of our established whistleblowing procedures. These include a formal Anti-Bribery and Corruption Policy under which we are committed to acting legally, fairly and ethically wherever we do business. We do not tolerate bribery and corruption in any of its forms, nor will we tolerate it in those with whom we do business.</p> <p>We also hold internal team meetings, once a week, at which the executive Directors and staff discuss operational matters.</p>
9	Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	<p>The Company maintains appropriate governance structures and processes according to its size and complexity.</p> <p>The Board is the main decision-making body of the Group, being responsible for, a) the overall direction and strategy of the Group, b) monitoring performance, c) understanding risk, and d) reviewing controls. It is collectively responsible for the success of the Group.</p> <p>The Board of Directors comprises a Non-Executive Chairman (Marcus Stanton), a Chief Executive Officer (Andrew Benitz), a Chief Operating Officer (Ron Lansdell), a Chief Financial Officer (Vicary Gibbs), a Senior Independent Director (Frank Moxon) and one other non-Executive director (Les Thomas).</p> <p>The Chairman's role is part-time, and he is a non-executive director. His key responsibility is the leadership of the</p>

	<p>Board, and this is primarily effected through regular Board meetings as well as contact with other Board members and interested parties between Board meetings. The Chairman is also responsible for the establishment of sound corporate governance principles and practices.</p> <p>The Chief Executive Officer is responsible for the day-to-day running of the Group's operations and for implementing the strategy agreed by the Board, in conjunction with the other executive directors.</p> <p>The Chief Operating Officer is responsible for, a) the licence-related activities of the Group, b) the development of our Environment, Social and Governance policies and activities, c) maintaining and applying the Group's Health, Safety, Security and Environment Policy, and d) in conjunction with the Chief Financial Officer, the Group's policies and procedures relating to risk management.</p> <p>The Chief Financial Officer is responsible for the Company's finances, in addition to other aspects of the business, including risk management, property matters, insurance and human resources.</p> <p>There is a formal schedule of matters specifically reserved for the Board, in addition to the formal matters required to be considered by the Board under the Companies Act. This list includes matters relating to, a) strategy and policy, b) acquisition and divestment proposals, c) approval of major capital investments, d) risk management policy, e) proposals from the Audit Committee, the Remuneration Committee and the Nomination Committee, f) significant financing matters and g) statutory reporting to shareholders.</p> <p>At the formal meetings of the Board an agenda is prepared by the Chairman which includes presentations by each of the executive directors together with reports and recommendations from the relevant sub-committees of the board. These board meetings are typically preceded by a presentation by our Board Advisor (Dr Chris Haynes, OBE FREng CEng FIMechE FIEAust), together with a presentation by senior management on the progress of the GBA project.</p> <p>The terms of reference of the various sub-committees are as follows:</p> <p>Audit Committee Chair: Marcus Stanton (Non-Executive Chairman) Other Members: Frank Moxon (SID), Les Thomas (NED)</p> <p>Under its terms of reference, the Audit Committee is required to meet at least twice a year, at which executive directors may attend by invitation, and its responsibilities include:</p> <ul style="list-style-type: none"> Monitoring the independence and objectivity of the Auditors;
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	<ul style="list-style-type: none"> • Reviewing and approving the external auditor's terms of engagement, scope of work, fees, the findings arising from the external audit work and external audit performance; • Monitoring the integrity of the Group's published financial information; • Reviewing the risk identification and risk management processes of the Group; and <p>Reviewing the Group's procedures to prevent bribery and corruption in addition to ensuring that appropriate whistleblowing arrangements are in place.</p> <p>Due to the current size of the business, it is not considered appropriate to have an internal audit function.</p> <p>Remuneration Committee Chair: Frank Moxon (SID) Other Members: Marcus Stanton (Non-Executive Chairman), Les Thomas (NED)</p> <p>Under its terms of reference, it is required to meet at least twice a year and its responsibilities include:</p> <ul style="list-style-type: none"> • Determining and agreeing with the Board the broad policy for the remuneration of the executive directors; • Determine the individual remuneration package of each executive director; • Review all share incentive plans; and <p>Recommending option grants for the executive directors and other employees, as considered appropriate.</p> <p>No Director is involved in deciding their own remuneration. The Non-Executive Directors' remuneration is decided by the Executive Directors.</p> <p>Remuneration Committee Chair: Frank Moxon (SID) Other Members: Marcus Stanton (Non-Executive Chairman), Les Thomas (NED)</p> <p>Under its terms of reference, it is required to meet at least twice a year and its responsibilities include:</p> <ul style="list-style-type: none"> • Evaluating the balance of skills, experience and diversity on the Board; and • Approving candidates for Board vacancies, save for the appointment of the Chairman of the Board or the Chief Executive Officer, which are matters for the whole Board. <p>Due to the size of the Company, no meetings of the Nomination Committee have been held to date as its functions have been properly carried out as part of the work of the Remuneration Committee and the Board.</p>
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10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>The Board considers that good communication with shareholders and other relevant stakeholders, based on the mutual understanding of objectives, is important.</p> <p>The Company maintains an ongoing dialogue with shareholders as set out in Principle 2, in seeking to understand and meet shareholders needs and expectations. As explained therein, this is achieved through the Annual Report, the Interim Report, Regulatory News Releases, the Company's website and, normally, the Annual General Meeting. And other shareholder meetings.</p> <p>During much of 2020 and 2021 and owing to the Covid-19 outbreak, it was not possible to hold shareholder meetings at which shareholders could be physically present. We have, however, encouraged shareholders to submit questions by way of a dedicated email address, prior to the relevant meetings.</p> <p>At various levels within the Company we hold regular meetings with one of our other important stakeholders, the Oil and Gas Authority (the "OGA").</p> <p>We also communicate with employees in various ways ranging from an extensive Staff Handbook, through to formal weekly meetings to discuss business developments. In addition, during the Covid-19 pandemic we have arranged weekly informal online meetings as well as encouraging employees to speak with a board member in the event of any pandemic related difficulties.</p>
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Marcus Stanton
Non-Executive Chairman

22nd July 2021