

Chairman's Corporate Governance Statement

The Board of Jersey Oil and Gas plc ("JOG" or the "Company"), which is responsible for the direction and oversight of all of our activities, 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 employees, suppliers and business partners.

As a company quoted on AIM, and effective from 28 September 2018, JOG is also required to comply with a recognised corporate governance code. At this stage of its development, the Board believe it appropriate for the JOG group of companies (the "Group") to comply with the QCA Corporate Governance Code (the "QCA Code"), which is a code designed for growing companies.

Our corporate governance polices, both in general and as specified in the QCA Code, are set out below.

The Board of Directors

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.

The Board of Directors currently comprises a Non-Executive Chairman, a Chief Executive Officer, a Chief Operating Officer, a Finance Director and one other non-executive director.

The Chairman's role is part-time, and he is a non-executive director. His key responsibility is the leadership of the Board and this is 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.

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. He plays a pivotal role in developing and reviewing the strategy in consultation with the Board and in executing it with the support of the other Directors.

The Chief Operating Officer is responsible for: a) the licence-related activities of the Group; b) maintaining and applying the Group's Health, Safety, Security and Environment (HSSE) Policy; c) the Group's Procurement Policy and; d) in conjunction with the Finance Director, the Group's policies and procedures relating to risk management.

The non-executive directors work part time, approximately three to four full days each month, with additional time commitments depending on new Company developments as they arise. The Board considers that both of the non-executive directors, Marcus Stanton and Frank Moxon, are independent in character and judgement. Although both have shareholdings (acquired with their own funds) and limited share options (granted as part of the annual remuneration process and approved by the Board), the Board considers that this does not impair their judgement.

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.

The Group currently undertakes an annual remuneration review, for all Directors and staff, in December of each year. In December 2018 we will be introducing a revised evaluation process across the group, including the performance evaluation of individual Board members. This evaluation process will be developed over the coming months and undertaken annually thereafter. Part of this process will encompass succession planning, taking into account the size of the Company and the prudent cost control environment within which the Company operates.

Relations with Shareholders

The Board considers that good communication, based on the mutual understanding of objectives with shareholders is important. In addition to the information included in the Group's Annual and Interim reports, there is regular dialogue between the Board (led by the Chief Executive Officer) and shareholders, in addition to required public announcements. The Chief Executive Officer and Chief Operating 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.

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.

Social Responsibility and Corporate Culture

The Board believes that long-term success relies upon good relations with a range of different stakeholder groups, both internal and external. Most importantly, however, we act with respect for people, communities and the environment.

As part of our business model, we identify the relationships on which the Group relies and seek to maintain and improve these relationships in a number of ways. These include a Procurement Policy which sets out our practices with suppliers and an HSSE Committee which requires all who work for the Group to act diligently in matters relating to health, safety, security and the environment. The Group maintains close involvement in these and other related matters with its suppliers, partners and stakeholders such as, for example, the joint venture partners in the licences in which we have an interest.

In order to ensure that these policies and procedures continue to be fit for purpose, we regularly seek to obtain, and take action on, feedback from our employees, our suppliers and other parties with whom we transact, as to how we can best maintain and improve our dealings with each other.

The Board also believes that a healthy corporate culture both protects and generates value for the Group and we see this as an asset in its own right. We therefore seek to operate within a corporate culture that is based on sound ethical values and behaviours. We do this using certain rule-based procedures (such as a formal Code of Conduct) and, more importantly, by the behavioural example of individual Board members, particularly the Chief Executive Officer and the Chief Operating Officer. These values, which we seek to instil throughout the Group, include integrity, respect, honesty and transparency. As a small company, these characteristics are far more visible to staff than might otherwise be the case. We also hold internal meetings at which Directors and staff discuss matters, both formally and informally.

The Company operates a well-defined organisational structure through which we seek to determine that these ethical values and behaviours are recognised and respected, in addition to which every employee is aware of our established whistleblowing procedures

Board Committees

The Company operates an Audit Committee, a Remuneration Committee and a Nomination Committee, each comprised of non-executive directors.

Audit Committee

The Audit Committee is chaired by Marcus Stanton and its other member is Frank Moxon (both non-executive directors) who are regarded as having recent and relevant financial expertise.

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: a) monitoring the independence and objectivity of the Auditors; b) monitoring the integrity of the Group's published financial information; c) reviewing the risk identification and risk management processes of the Group; and d) reviewing the Group's procedures to prevent bribery and corruption in addition to ensuring that appropriate whistleblowing arrangements are in place.

Due to the current size of the business, it is not considered appropriate to have an internal audit function.

Remuneration Committee

The Remuneration Committee is chaired by Frank Moxon and its other member is Marcus Stanton (both non-executive directors).

Under its terms of reference, it is required to meet at least twice a year and its responsibilities include: a) determining and agreeing with the Board the broad policy for the remuneration of the executive directors; b) determine the individual remuneration package of each executive director; c) review all share incentive plans; and d) recommending option grants for the executive directors and other employees, as considered appropriate.

No Director is involved in deciding their own remuneration.

Nomination Committee

The Nomination Committee is chaired by Frank Moxon and its other member is Marcus Stanton (both non-executive directors).

Under its terms of reference, it is required to meet at least twice a year and its responsibilities include: a) evaluating the balance of skills, experience and diversity on the Board; and b) 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.

Due to the size of the Company, no meetings of the Nomination Committee were held during 2017 or so far in 2018 and its functions have been properly carried out as part of the work of the Remuneration Committee and the Board.

Internal Control

The Board is responsible for the Group's system of internal control (in accordance with Financial Reporting Council guidance) and for regular reviews of its effectiveness. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss. It is summarised and incorporated into the Group's Financial Reporting Procedures.

The Board has adopted an on-going and active process for identifying, evaluating and managing the significant risks faced by the Group.

Share Dealing Code

The Company operates a policy setting out the requirements and procedures for dealing in the Company's shares which must be followed by senior management and all employees.

These procedures are set out in a Share Dealing Code, which prohibits any dealings in the Company's shares by senior management (or persons closely associated thereto) that are of a short-term nature. There are also prohibitions against senior management dealing in shares during a close period together with a blanket prohibition, across the JOG Group, for anyone

dealing in the Company's shares whilst in possession of unpublished share price sensitive information.

All employee share dealings are subject to receiving clearance from the Chief Executive Officer, who will consult with the Board where appropriate and share dealings by Persons Discharging Management Responsibility must also be reported to the Financial Conduct Authority and notified to the market promptly.

Health & Safety

The Board firmly believes that Health, Safety, Security and the Environment ("HSSE") is of the highest importance to the Group and expects all Directors, officers, managers, employees and contractors to consider HSSE as part of their normal duties and responsibilities.

The Board's commitment to high HSSE standards is set out in its HSSE Policy, which is:

- Endorsed by the Board for implementation by management, staff, contractors, partners and stakeholders; and
- Reviewed periodically and, where appropriate, updated and re-issued.

In addition, certain operational HSSE goals are established by our joint venture operator for our joint venture projects. These goals are set in the context of compliance with existing legislation and industry best practice.

Management at all levels provide visible and active leadership within the Group promoting a positive HSSE culture and a common understanding of its expectations.

The HSSE function is managed by the Chief Operating Officer, who reports on these matters to the Board regularly.

Ongoing Review of Corporate Governance

During 2018 a number of changes have been introduced to our corporate governance procedures in order to be compliant with the QCA Code.

Going forward, these corporate governance policies and procedures will be reviewed regularly and may change further as our business develops and in response to further regulatory and other relevant guidance.

Marcus Stanton
Non-Executive Chairman
28 September 2018