

## INTRODUCTION

This Audit and Risk Management Committee Charter (“Charter”) sets out:

1. Role of the Committee
2. Roles and responsibilities
3. Committee composition
4. Meetings
5. Authority, resources and delegation
6. Reporting and disclosure
7. Committee performance review
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## 1. ROLE OF THE COMMITTEE

The purpose of the Committee is to assist the Board in the effective discharge of its governance and oversight responsibilities in relation to the Company’s financial reporting, accounting policies, risk management, internal control systems, compliance with laws and regulations and internal and external audit functions.

The Committee is responsible for maintaining free and open communication between the Committee and management of the Company and the External Auditor.

## 2. ROLES AND RESPONSIBILITIES

### 2.1 Financial Reporting

- (a) monitor and review the integrity of the financial reporting of the Company;
- (b) review and discuss with management and the External Auditor the Company’s audited annual financial statements, related earnings announcements and other significant estimates and financial reporting judgments, together with the report of the External Auditor thereon, prior to such information being publicly disclosed and, if appropriate, recommend to the Board that it approve the audited annual financial statements and earnings announcements;
- (c) review and discuss with management and the External Auditor the Company’s interim unaudited financial statements and related earnings announcements prior to such information being publicly disclosed and, if appropriate, recommend to the Board that it approve the Company’s interim unaudited financial statements and related earnings announcements;
- (d) ensure that adequate procedures are in place for the review of the Company’s disclosure of financial information extracted or derived from the Company’s financial statements (other than financial statements and earnings announcements, which are dealt with elsewhere in this Charter) and periodically assess the adequacy of those procedures;
- (e) review and discuss with management the reporting of financial information including disclosure in regular operational reports and if necessary, recommend to the Board that it approve the financial information for release.

## **2.2 Accounting Policies**

- (a) review and discuss with management and the External Auditor on at least an annual basis, the Company's choice of accounting policies and principles, the impact of changes in accounting standards, and any recommendations to the Board for adoption of such changes.

## **2.3 Risk Management**

- (a) Review the Risk Management Policy on an annual basis and make recommendations to the Board if any changes are required;
- (b) oversee the establishment and implementation by management of a procedure for identifying, assessing, monitoring and managing material business risks throughout the Company;
- (c) review management's reports in relation to risk management and their assessment as to whether material business risks are being managed effectively;
- (d) monitor the action being taken by management in addressing risks deemed to be material.

## **2.4 Internal Controls**

- (a) ensure that the Company's systems of internal control include procedures for reporting immediately to management and/or the ARMC and/or the Board any major control weaknesses that are identified;
- (b) review reports concerning material actual and suspected breaches of law, including fraud and theft and assess systems to manage this risk;
- (c) review reports in relation to the Company's internal financial control system;
- (d) monitor the action being taken by management in addressing identified weaknesses in internal controls.

## **2.5 External Audit**

- (a) directly monitor, review and oversee the performance of the External Auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including matters concerning appointment and compensation, independence and non-audit services;
- (b) review any significant disagreements with management and, to the extent possible, resolve any disagreements between management and the External Auditor including with respect to financial reporting;
- (c) be solely responsible for recommending to the Board the person to be proposed to the Company's shareholders for appointment as External Auditor for the above-described purposes and recommending such External Auditor's compensation;
- (d) pre-approve all non-audit services to be provided to the Company or its subsidiaries by the External Auditor (subject to any exceptions permitted under applicable law or stock exchange rules), including through the approval of specific policies and procedures for the engagement of any non-audit services by the External Auditor in accordance with applicable law;
- (e) instruct management to promptly bring to its attention any services performed by the External Auditor which were not recognized by the Company at the time of the engagement as being non-audit services;
- (f) require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders and will be available to attend the Company's AGM and answer questions from shareholders; and
- (g) at least annually, meet with the External Auditor without the presence of management.

**2.6 Internal Audit**

- (a) where there is no internal audit function, monitor the need for an internal audit function having regard to the size, geographic location and complexity of the Company's operations;
- (b) where there is an internal audit function, review and assess key areas relating to the internal audit of the Company, including:
  - (i) approve the appointment of any internal auditor. Where the internal auditor is an executive of the company or, where the internal auditor is an external contractor, approve the appointment and the internal auditor's terms of engagement;
  - (ii) review and assess the scope of any internal audit and any internal audit plan, work program and resources;
  - (iii) review and monitor management's responsiveness to any internal audit findings, including implementing any changes recommended by any internal auditor; and
  - (iv) on a regular basis, meet with any internal auditor without the presence of management.

**2.7 Commodity Price Hedging**

- (a) oversee the establishment and implementation by the Hedging Committee of the procedures for identifying, assessing, monitoring and managing commodity price risks;
- (b) review Hedging Policy on an annual basis and make recommendations to the Board if any changes are required; and
- (c) review the Hedging Committee's reports in relation to commodity price risk management and their assessment as to whether the risks are being managed effectively.

**2.8 Compliance**

- (a) monitor and review compliance with the Company's Code of Conduct and Whistleblower Policy, and ensure that all procedures have been established as may be required for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (b) verify the membership of the Committee in accordance with the Charter, including a review of the independence of each Committee member based on applicable regulatory and stock exchange requirements and any Company policy on assessing the Independence of Directors; and
- (c) perform such other functions as assigned by law, the Company's Constitution, or the Board and in compliance with all regulatory and stock exchange requirements.

**3. COMMITTEE COMPOSITION**

The Committee should include at least three members. All members must be non-executive Directors and a majority of whom are independent Directors. The Chair of the Committee shall be an independent Director and should not be the Chair of the Board.

Each member of the Committee shall be Financially Literate.

All members of the Committee should have a reasonable understanding of the industry in which the Company operates.

The appointment and removal of Committee members shall be the responsibility of the Board. Members may resign as a Committee member upon reasonable notice in writing to the Committee chair. If a Committee member ceases to be a director of the Board their appointment as a member of the Committee is automatically terminated with immediate effect.

No member of the Committee may earn fees from the Company or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares or options to the extent permitted by law or other in-kind consideration ordinarily available to Directors, as well as all of the regular benefits that other Directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company.

Non Committee members including without limitation, other non-executive directors, the managing director, chief financial officer, financial director External Auditor and the Company Secretary may attend meetings of the Committee on a regular basis assuming no conflict of interest as determined by the Chair of the Committee.

## **4. MEETINGS**

### **4.1 Holding of meetings**

- (a) The Committee will convene with such frequency as is sufficient to appropriately discharge its duties. It is usual practice for the Committee to meet at least three times a year (two being specifically held to review the half year and annual financial statements), with further meetings as required.
- (b) The Chair may convene a meeting of the Committee at any time, or if so requested by any member of the Committee, any Director or the External Auditor.
- (c) A meeting of the Committee may be held using any means of audio or audio-visual communication by which each Committee member participating can hear and be heard by each other Committee member participating.

### **4.2 Quorum**

The number of members whose presence is necessary to constitute a quorum for a meeting of the Committee is the majority.

### **4.3 Secretary**

The secretary of the Committee shall be the Company Secretary or any other individual that the Committee selects. The proceedings of all meetings will be minuted by the Committee secretary. All minutes of the Committee are available for inspection by any Director.

### **4.4 Committee papers and minutes**

The Committee secretary must distribute an agenda and any related Committee papers (including minutes of the previous Committee meeting) in advance of Committee meetings to the Committee members and other attendees invited by the Committee to attend the meeting.

Minutes of Committee meetings will be included in the papers for the next full Board meeting.

## **5. AUTHORITY, RESOURCES AND DELEGATION**

The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

The Committee has rights of access to management and has the authority to directly communicate with, and seek explanations and additional information from, the Company's External Auditors and the internal auditors (where applicable), without management present, when required. The Company shall require the External Auditor to report directly to the Committee.

The Committee has the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

The Committee has the authority, as it deems necessary or appropriate, to set the compensation for any advisors employed by the Committee. The Committee also has the authority to authorize the payment of:

- (a) compensation to any External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- (b) compensation for any advisors employed by the Committee; and
- (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee has the authority to delegate its authority to pre-approve any non-audit services provided by the External Auditor to one or more of its independent members who shall present any non-audit services so approved to the full Committee at its first scheduled meeting following such pre-approval.

## **6. REPORTING AND DISCLOSURE**

The Committee is to report to the Board regularly and in any event, at least annually on the following matters:

- (a) assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- (b) assessment of the management processes supporting external reporting;
- (c) recommendations for amending the Company's Procedures for the Selection and Appointment of the External Auditor and for the rotation of external audit engagement partners;
- (d) recommendations for the appointment or, if necessary, the removal of the External Auditor;
- (e) assessment of the performance and independence of the External Auditors, and where the External Auditor provides non-audit services, the report should state whether the Committee is satisfied that provision of those services has not compromised the auditor's independence;
- (f) the results of the Committee's review of risk management and internal control systems; and
- (g) assessment of the performance and objectivity of any appointed internal audit function including, where appropriate, recommendations for the appointment of, or, if necessary, the dismissal of the head of internal audit.

## **7. COMMITTEE PERFORMANCE REVIEW**

The Board will, at least once in each year, review the membership and Charter of the Committee to determine their respective adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

## **8. DEFINITIONS**

For the purpose of this Charter the following definitions apply:

**Australis or Company** means Australis Oil & Gas Limited.

**Board** means the board of Directors of the Company.

**Committee** means the Audit and Risk Management Committee of the Board, with the specific powers delegated as set out in this charter.

**Chair** means the chair of the Committee.

**Constitution** means the Company's constitution.

**Director** means a member of the Board.

**External Auditor** means the Company's independent auditor.

**Financially Literate** means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

## **9. FURTHER INFORMATION**

For further information, clarification or questions regarding compliance with this Charter please contact the Company Secretary.

Approved by the Board: 22 August 2019