



CENTRAL PETROLEUM LIMITED

AUDIT AND RISK COMMITTEE CHARTER

1. Purpose

The Audit and Risk Committee (the "Committee") will assist the Board of Directors (the "Board") of Central Petroleum Limited (the "Company") in fulfilling its responsibilities to exercise due care, diligence and skill with respect to the oversight and integrity of the Company's accounting and financial reporting practices, the independence of external auditors, the Company's compliance with law and regulatory requirements and its financial risk management.

The Committee will maintain effective working relationships with the Board, Company management and the external auditors. The Committee's responsibilities are to be exercised through reports from and discussions with management. The Committee has authority from the Board to review and investigate any matter within the scope of this Charter and make recommendations to the Board in relation to the outcomes. The Committee has no delegated authority from the Board, except as specifically provided in this Charter, to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

2. Organisation

The Committee shall consist of at least two non-executive members of the Board, a majority of which shall be independent directors. The Chairman of the Committee should be an independent director and must not be Chairman of the Board. Members of the Committee shall have sufficient financial and compliance experience and ability to enable them to discharge their responsibilities as members. At least one of these members must have relevant qualifications and experience (i.e. should be a qualified accountant or other finance professional with experience of financial and accounting matters).

At least some members of the Committee should have an understanding of the industry in which the Company operates. The Company Secretary or his or her nominee will act as Secretary to the Committee. The Committee will meet at least twice a year. Special meetings may be convened as required. The Chairman of the Committee will report to the full Board on the results of these meetings and the Secretary shall keep minutes of Committee meetings (which shall ordinarily be included in the papers for the next full Board meeting). The Committee may invite to its meetings Company management, internal auditors, external auditors and such other persons as the Committee deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to enable it to carry out its responsibilities.

3. Duties

In meeting the purpose set out in paragraph 1, the duties of the Committee include:

3.1 External Auditors

- a) To select, evaluate and propose to the Board the external auditors to be nominated for approval by the annual shareholders meeting;
- b) To review the terms of engagement of the external auditors, including their compensation, and to evaluate their performance;

- c) To oversee the receipt from external auditors of a formal written statement delineating all relationships between the auditor and the Company or its affiliates, and to engage in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor;
- d) To review annually the external audit scope, audit plans and relevant processes, the results of the external audit and whether recommendations made have been implemented by Company management;
- e) To discuss with the external auditors the results of their audits, any unusual items or disclosures contained in the audits and the matters required by Australian Auditing Standards, including the following:
 - (i) The initial selection of and changes in significant accounting policies;
 - (ii) The methods used to account for significant or unusual transactions and the effects of significant accounting policies in controversial or emerging areas;
 - (iii) The process utilized by management to formulate significant accounting estimates and the basis for the auditors conclusions regarding the reasonableness of these estimates;
 - (iv) Audit findings and recommendations, including audit adjustments that either individually or in the aggregate have a significant effect on the audit;
 - (v) The auditors responsibility for other information presented with the audit results, such as a management report on financial status;
 - (vi) Any disagreements with management, whether or not satisfactorily resolved, concerning matters that individually or in the aggregate may be significant to the Company's financial status or the auditor's report;
 - (vii) Significant matters that were the subject of consultations with other accountants;
 - (viii) Significant issues discussed with management with regard to the initial or recurring retention of the auditor;
 - (ix) Any serious difficulties encountered in dealing with management during the performance of the audit;

3.2 Company's Accounting Policies

- a) To review with external auditors, any internal auditors, and the financial and accounting personnel of the Company whether the accounting policies and financial controls of the Company are appropriate, adequate and effective;

3.3 Financial Reporting

- a) To meet with management and the external auditors to review the financial statements and to understand significant transactions, significant business risk, or other unusual items or disclosures in the annual report;
- b) To review the external financial statements and annual report to consider whether they conform to accepted accounting principles and the standards set by the Company;
- c) To review with management and the external auditors their qualitative judgments about the appropriateness, not just acceptability, of accounting principles, estimates and financial disclosure practices used in the preparation of the Company's financial statements and other public reports;

3.4 Compliance with Law

- a) To review major issues regarding the status of the Company's compliance with laws and regulations, as well as major legislative and regulatory developments that may have a significant impact on the Company;
- b) To review the processes and procedures for management's monitoring of compliance with local laws;

3.5 Financial Risk Management

- a) To review and obtain reasonable assurance that the financial risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:
 - (i) Review the Company's financial risk management controls and policies, including a regular review of the Company's tolerance to financial risks and ensure Company policies including hedging policies, procedures and activities adequately reflect the desired level of risk tolerance;
 - (ii) Review the adequacy of the Company's process for managing risks in relation to its insurance program, having regard to the Company's business and the insurable risk associated with the business;
 - (iii) Regular review of delegation of authority limits, exposure management parameters and management authorities;
 - (iv) To review and oversee unusual and/or high risk transactions as reported by management;
 - (v) Obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management and the external auditor;
 - (vi) Review how the company communicates its risk management philosophy, policies and strategies to its Board, management, employees, contractors and appropriate stakeholders;
 - (vii) Review management's steps to implement and maintain appropriate internal control procedures including a review of policies;
 - (viii) Review adequacy of security of information, information systems and recovery plans;
 - (ix) Review the adequacy of accounting and finance resources;
 - (x) To review with management and external auditors, any significant risks or exposures the Company may face, and to assess with the Risk Committee the steps management has taken to minimize such risks to the Company;

3.6 Compliance with Policies

To review compliance by management of the Company with those Company policies designated by the Board from time to time, including the Share Trading Policy. To this end, the Committee will review periodic reports submitted by those persons the Committee has designated as responsible for implementation of and compliance with such policies and give guidance on how said policies are to be administered;

3.7 Other

- a) To review such other matters in relation to the Company's accounting, auditing, financial reporting and compliance with law as the Committee may, in its own discretion, deem desirable in connection with the review functions described above. The Committee, after notifying the Board or the Chairman of the Board and the Managing Director, is empowered to conduct or authorise investigations into any matters within the Committee's charter. This includes the power to:
 - (i) retain outside counsel, accountants, or others to advise or assist the Committee in the conduct of an investigation;
 - (ii) seek any information it requires from external parties or employees, all of whom are directed to cooperate with the Committee's requests;

- (iii) meet with management, external auditors, or outside counsel, as necessary; and
 - (iv) meet with the Company's financial advisors.
- b) To establish procedures for:
 - (i) the receipt, retention, treatment, processing and resolution of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters
- c) To review and reassess the adequacy of this Charter annually and to submit proposed changes to the Board for approval.

Whilst the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for supervising the performance of executives and must not become involved in day to day operations, management functions or decision making of the Company. The Committee discharges its responsibilities by making recommendations to the Board.

4. Reporting

The Committee shall provide regular reports to the Board. These reports shall contain all matters relevant to the Committee's role and responsibilities, including:

- 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) 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. 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; and
- f) the results of the Committee's review of risk management and internal control systems.

5. Corporate Governance Website

As part of an effective communications strategy, the Company will maintain and keep current a Corporate Governance section on its website, which will include this Charter.

Adopted by the Board on 9 September 2015