



## CENTRAL PETROLEUM LIMITED AUDIT COMMITTEE CHARTER

### 1. Purpose

The Audit 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 and the independence of external auditors.

The Committee's primary objective is to ensure that the Company fulfils its corporate governance and oversight responsibilities relating to financial accounting practices, external financial reporting and the external audit function.

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).

Where the members of the committee do not include one amongst them who is a qualified accountant or other finance professional, the Committee may, with the approval of the Chairman of the Board, engage an independent professional with the requisite qualifications to assist the Committee at times when such expertise is required.

A majority of the members of the Committee shall 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 and shall keep minutes of Committee meetings (which shall ordinarily be included in the papers for the next full Board meeting).

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.

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 utilised 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**

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; and
- d) To review compliance with relevant financial statutory and regulatory requirements.

### **3.4 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 reviewing the functions described above.
- 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) Consider at each meeting whether any significant matters should be brought to the attention of the Board noting if any action is required and making recommendations as to the action to be taken.
- d) 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 the 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.

## **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 16 August 2018*