



# CENTRAL PETROLEUM LIMITED

## AUDIT AND FINANCIAL RISK COMMITTEE CHARTER

### 1. Purpose

The Audit and Financial Risk Committee's ("**Committee**") primary objective is to assist the Board of Directors ("**Board**") of Central Petroleum Limited ("**Company**") in fulfilling its responsibilities to exercise due care, diligence and skill with respect to the oversight and integrity of the Company's:

- corporate governance;
- accounting and financial reporting practices;
- management of financial risks and internal controls;
- external audit function and independence of external auditors; and
- processes for monitoring compliance with applicable laws and regulations.

### 2. Authority

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.

The Committee's responsibilities are to be exercised through reports from, and discussions with, Company management and the Committee is authorised to seek any relevant information it requires from the Company's management in order to perform its duties.

### 3. Organisation

The Board will make all appointments and replacements of the Chair and other members of the Committee.

The Committee shall consist of at least two non-executive members of the Board, a majority of which shall be independent directors. The Chair of the Committee should be an independent director and must not be Chair of the Board.

Members of the Committee shall be proficient in financial and compliance matters. 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 Chair of the Board, engage an independent professional with the requisite qualifications to assist the Committee at times when such expertise is required.

All of the members of the Committee shall have an understanding of the industry in which the Company operates.

### 4. Meetings

The Committee will meet at least twice a year. Special meetings may be convened as required.

A quorum for a Committee Meeting is not less than two members of the Committee.

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 Chair 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, or present relevant written materials and publications, 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.

## **5. Duties**

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

### **5.1 Corporate Governance**

Review the Company's system of corporate governance, and seek assurance that:

- a) An effective system of internal control has been established and maintained across all core business and operational areas and is supported by a robust framework;
- b) Effective processes and systems are in place for detecting, reporting and preventing inappropriate business conduct, fraud, breaches of anti-corruption laws;
- c) Effective processes and systems are in place for receiving and managing issues raised by whistleblowers; and
- d) All corporate governance requirements are up to date and adequately disclosed.

### **5.2 Ethics and Compliance**

- a) Review the effectiveness of the Company's systems, policies and practices that relate to compliance with laws, regulations, internal policies and Accounting Standards, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- b) Obtain regular updates from management about compliance and ethical matters that may have a material impact on the Company's financial statements, strategy, operations or reputation, including material breaches of laws, regulations, standards and company policies;
- c) Review and monitor related party transactions;
- d) Review processes and procedures designed to ensure compliance with the ASX Listing Rules on continuous disclosure; and
- e) Discuss with management whether all regulatory compliance matters of the entity have been considered in the preparation of the financial statements, such as compliance with Accounting Standards and the requirement for the financial statements to reflect a 'true and fair' view.

### **5.3 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; and
- e) To discuss with the external auditors the results of their audits, and any unusual items or disclosures contained in the audits and the matters required by Australian Auditing Standards.

#### **5.4 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.

#### **5.5 Financial Reporting**

- a) To meet with management and the external auditors to review the financial statements and to understand significant transactions, significant business risks, key audit matters for listed companies, significant internal control deficiencies, indications of fraud or corruption, non-compliance with laws or regulations or other unusual items or disclosures in the annual report;
- b) To review the external financial statements and annual report to consider whether they give a true and fair view of the financial position and performance of the Company and conform to accepted accounting principles and the standards set by the Company;
- c) To review compliance with relevant financial statutory and regulatory requirements;
- d) To review financial or reporting impacts of changes in Accounting Standards or other requirements relating to the preparation of financial statements; and
- e) To review the effectiveness of the reporting, compliance and control systems relating to financial reporting.

#### **5.6 Financial Risk**

For financial risks:

- a) To review the Company's ongoing financial risk management program and ensure that it effectively identifies all areas of potential financial risk and that the risk management procedures are appropriate to maintain activities within the Board's risk appetite;
- b) To review the Company's policies and procedures and confirm that they are adequate and sufficiently well implemented to manage identified financial risks;
- c) To review that a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies;
- d) To review proper remedial action is undertaken to redress areas of weakness;
- e) To review disclosures in the annual corporate governance statement in relation to the recognition and management of financial risks;
- f) To review financial risk disclosures in the annual financial report; and
- g) Monitor changes in the external environment, including emerging economic and environmental trends which could impact the Company.

Assess the structure and adequacy of the Company's Business Continuity Plans and Disaster Recovery Plans.

Provide oversight of the Company's processes that management has implemented for managing insurable risks including self-insurance, and evaluating the structure and adequacy of insurance cover on an annual basis.

#### **5.7 Reserves and resources**

Review the annual reserves and resources process in order that reserves are appropriately disclosed in the annual financial statements.

## **5.8 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; and
- b) The review of this Charter annually and submission of any 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.

## **6. 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; and
- 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.

## **7. 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 August 2022*