

# AUDIT COMMITTEE CHARTER

AS AT SEPTEMBER 2020

## 1. ROLE OF THE COMMITTEE

- 1.1. The role of the Audit Committee (**Committee**) is to assist the Board of Directors (**Board**) to meet its oversight responsibilities in relation to Bannerman Energy Limited (“**Bannerman**” or “**the Company**”) financial reporting, internal control structure, financial risk management procedures and internal and external audit functions.
- 1.2. Provide a formal forum for communication between the Board and senior financial management.
- 1.3. Improve the effectiveness of the internal and external audit functions and be a forum for improving communications between the Board and the internal and external auditors.

## 2. PURPOSE

- 2.1 The Committee provides an efficient mechanism for focusing on issues relevant to the integrity of the Company’s financial reporting. Ultimate responsibility for the integrity of a Company’s financial reporting rests with the Board. The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:
  - (a) the quality and integrity of the Company’s financial statements, accounting policies and financial reporting and disclosure practices;
  - (b) compliance with all applicable laws, regulations and company policy;
  - (c) the effectiveness and adequacy of internal control processes;
  - (d) the performance of the Company’s external auditors and their appointment and removal;
  - (e) the independence of the external auditor and the rotation of the lead engagement partner; and
  - (f) the identification and management of business risks.
- 2.2 A secondary function of the Committee is to perform such special reviews or investigations as the Board may consider necessary.

## 3. DUTIES

The Committee is responsible for reviewing the integrity of the Company’s financial reporting and overseeing the independence of the external auditors. In particular, the Committee has the following duties:

### 3.1 Financial Statements

- (a) To review the audited annual, half yearly and quarterly financial statements, and any reports which accompany published financial statements before submission to the Board.
- (b) Assess information from internal and external auditors that affects the quality of financial reports.
- (c) Recommend to the Board whether the financial statements should be signed based on the Committee's assessment of them.
- (d) Ensure the Chief Executive Officer and Chief Financial Officer (or the person acting in the capacity of) provide statements to the Board pursuant to the requirements of the Corporations

### 3.2 External Audit Function

- (a) Recommend to the Board procedures for the selection and appointment of external auditors.
- (b) Review performance, succession plans and rotation of lead engagement partner.
- (c) Approve the external audit plan and fees proposed for audit work to be performed.
- (d) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation to thereto.
- (e) Meet privately with the external auditors on at least a bi-annual period.
- (f) Invite the external auditor to attend all Committee meetings to, at least, review the audit plan, discuss the Company's financial statements and consider the implications of the external audit findings.
- (g) Together with the external auditor, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis.
- (h) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- (i) Receive from the external auditor, their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act and with the required regulatory authorities.

### 3.3 Internal Audit Function

- (a) Monitor the need for a formal internal audit function and its scope.
- (b) Assess the performance and objective of any internal audit procedures that may be in place.
- (c) Review risk management and internal compliance procedures.
- (d) Monitor the quality of the accounting function and review internal controls on a regular basis.

## 4. MEMBERSHIP

- 4.1. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements.

- 4.2. The Committee will comprise at least three (3) non-executive Directors, a majority of whom will be independent.
- 4.3. The Board will appoint members of the Committee and may remove and replace members of the Committee by resolution.
- 4.4. All members of the Committee must be financially literate (that is, be able to read and understand financial statements).
- 4.5. At least one member should have relevant qualifications and experience (either as a qualified accountant or other financial professional with experience in financial and accounting matters).
- 4.6. The Chairman of the Committee will be independent and will not be the Chairman of the Board.
- 4.7. The external auditors, other Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and other senior Company executives, may be invited to Committee meetings at the discretion of the Committee.
- 4.8. The Company Secretary will be the Secretary of the Audit Committee.

### **5. MEETINGS**

- 5.1. The Committee will meet at least bi-annually and additionally as circumstances may require for it to undertake its role effectively.
- 5.2. Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.
- 5.3. Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals and recommendations can be implemented following the unanimous receipt of a circular written resolution or conference call.
- 5.4. A quorum shall consist of two members of the Committee. In the absence of the Chairman of the Committee or their nominees, the members shall elect one of their members as Chairman of that meeting. Decision will be based on a majority of votes with the Chairman having a casting vote.

### **6. SECRETARY**

- 6.1. The Company Secretary or their nominee shall attend and take minutes of meetings of the Committee.
- 6.2. The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

### **7. REPORTING PROCEDURES**

- 7.1. The Committee minutes are to be tabled at the Board meeting following the last Committee meeting along with any recommendations of the Committee.
- 7.2. The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.
- 7.3. The Committee must brief the Board promptly on all urgent and significant matters.

### **8. ACCESS AND AUTHORITY**

- 8.1. The Committee is authorised by the Board to investigate any activity within its charter.
- 8.2. Members of the Committee are authorised to seek any information required from any employees and all employees are directed to cooperate with any request made by the Audit Committee.
- 8.3. Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- 8.4. Members of the Committee are authorised by the Board to consult independent legal counsel or other independent professional advice necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chairman. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

### **9. RELIANCE ON INFORMATION**

- 9.1. Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:
  - (a) an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
  - (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
  - (c) another Director or officer of the Company in relation to matters within the Director's or Officer's authority.

### **10. REVIEW OF CHARTER**

- 10.1. The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner, and will update the Charter as required or as a result of new laws and regulations.
- 10.2. The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted on the Company's website.