



AUDIT AND RISK COMMITTEE CHARTER

FREMONT PETROLEUM CORPORATION LIMITED

ACN 114 198 471

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FREMONT PETROLEUM CORPORATION LIMITED

AUDIT AND RISK COMMITTEE CHARTER

PART 1 - PRELIMINARY

1. Introduction

The Board of Fremont Petroleum Corporation Limited (“the Company”) has established an Audit and Risk Committee (“Committee”). The purpose for which the Committee has been established and the powers of the Committee are set out in this Charter.

2. Role and Objectives

2.1 The primary role of the Committee is to monitor and review, on behalf of the Board, the effectiveness of the control environment in the Company in the areas of operational and balance sheet risk and financial reporting.

2.2 The overriding objective of the Committee is to provide an independent and objective review of financial and other information prepared by management, in particular that to be provided to members and/or filed with regulators, including:

2.2.1 overseeing the Company’s discharge of its responsibilities with respect to:

- (a) the financial statements, financial report and annual report;
- (b) legal/regulatory compliance;
- (c) protection of Company capital; and
- (d) risk management systems;

2.2.2 overseeing the Company’s relationship with external auditors; and

2.2.3 determining the independence of the external auditors.

2.3 The Committee meets and receives regular reports from its external auditors concerning matters that arise in connection with their Audit. The Committee is also responsible for review of performance and nomination of the external auditors.

3. Membership of the Committee

- 3.1 Unless otherwise determined by the Board, the Committee comprises a minimum of two non-executive directors. It is intended that a majority of the Committee at any time will be independent directors such that they are independent of management and free of any conflicts, business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment.
- 3.2 The Chair should be an independent director and not the Chair of the Board of Directors. The Board will appoint the Chair of the Committee.
- 3.3 The current members of the Committee are:
 - 3.3.1 Stuart Middleton (Chair)(Independent);
 - 3.3.2 Andrew Blow (Independent) and;
 - 3.3.3 Samuel Jarvis (Non-Independent);
 - 3.3.4 with Robert Lees – Corporate Secretary, per Sec 7.3
- 3.4 Other Board Directors who are not Committee members may attend meetings of the Committee should they wish. Selected members of management may attend meetings of the Committee by invitation.
- 3.5 All persons appointed to the Committee will be financially literate (able to read and understand financial statements) and have sufficient financial knowledge and understanding to allow them to discharge their responsibilities.
- 3.6 The Board will review the membership and Charter of the Committee annually, in accordance with paragraph 9.

PART 2 – RESPONSIBILITIES AND FUNCTIONS

4. Overview

4.1 The Committee's key responsibilities and functions are to:

- 4.1.1 oversee the Company's relationship with the external auditor (including forming a policy on the provision of non-audit services and the rotation of external auditor personnel on a regular basis) and the external audit function generally;
- 4.1.2 oversee the adequacy of the control processes in place in relation to the preparation of financial statements and reports;
- 4.1.3 oversee the adequacy of the Company's financial controls and systems; and
- 4.1.4 oversee the process of identification and management of business, financial and commercial risks (other than credit and trading (financial market) risk).

5. Audit

5.1 The Committee's specific function on Audit is to review and report to the Board that:

- 5.1.1 the system of control, which management has established, effectively safeguards the assets of the Company;
- 5.1.2 processes are in place such that accounting records are properly maintained in accordance with statutory requirements; and
- 5.1.3 processes exist to reasonably guarantee that financial information provided to investors and the Board is accurate and reliable.

5.2 The following are intended to form part of the normal procedures for the Committee's audit responsibility:

- 5.2.1 recommending to the Board the appointment and removal of the external auditors and reviewing the terms of engagement;
- 5.2.2 reviewing the audit plan of the external auditors;
- 5.2.3 monitoring the effectiveness and independence of the external auditor;

- 5.2.4 obtaining assurances that the audit is conducted in accordance with the Auditing Standards;
- 5.2.5 providing recommendations to the Board as to the role of the internal auditor/internal audit function, if any;
- 5.2.6 monitoring the relationship between management and the external auditors;
- 5.2.7 evaluating the adequacy, effectiveness and appropriateness of the Company's administrative, operating and accounting control systems and policies;
- 5.2.8 reviewing and evaluating controls and processes in place to ensure compliance with approved policies, controls, and with applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- 5.2.9 overseeing the Company's financial reporting and disclosure processes and the outputs of that process;
- 5.2.10 determining the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices;
- 5.2.11 reviewing (in consultation with management and external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and approving all significant accounting policy changes.

6. Risk

- 6.1 The Committee's specific function with respect to risk management is to review and report to the Board that:
 - 6.1.1 the Company's ongoing risk management program effectively identifies all areas of potential risk;
 - 6.1.2 adequate policies and procedures have been designed and implemented to manage identified risks;
 - 6.1.3 a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
 - 6.1.4 proper remedial action is undertaken to redress areas of weakness.

- 6.2 The following are intended to form part of the normal procedures for the Committee’s risk responsibility:
- 6.2.1 evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
 - 6.2.2 evaluating the adequacy and effectiveness of the Company’s financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors;
 - 6.2.3 evaluating the structure and adequacy of the Company’s Business Continuity Plans;
 - 6.2.4 evaluating the structure and adequacy of the Company’s own insurances on an annual basis;
 - 6.2.5 reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Company’s financial and operational risk management policies;
 - 6.2.6 evaluating the Company’s exposure to fraud and overseeing investigations of allegations of fraud or malfeasance;
 - 6.2.7 overseeing the proper evaluation of the adequacy and effectiveness of the Company’s legal compliance control systems; and
 - 6.2.8 providing recommendations as to the propriety of related party transactions.

PART 3 – ADMINISTRATIVE MATTERS

7. Meetings

- 7.1 It is intended that the Committee will meet at least as often as the Committee members deem necessary in order to fulfill their role and objectives set out in this Charter.
- 7.2 Except as set out in this Charter, the Committee is subject to the Board’s general policy for engaging or seeking advice from financial and legal advisers.
- 7.3 The Company Secretary will attend all Committee meetings. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director.

8. Reporting

- 8.1 It is intended that a report of the actions of the Committee and/or a copy of the minutes of the Committee meeting will be included in the Board papers for the Board meeting next following a meeting of the Committee.
- 8.2 The Chair will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All Directors may, within the Board meeting, request information of members of the Committee.

9. Review

- 9.1 The Board will meet at least once in each year to:
 - 9.1.1 review the membership and Charter of the Committee to determine its adequacy for current circumstances. Where necessary, the Board, upon the recommendation of the Committee, may by resolution alter the responsibilities, functions or membership of the Committee. The Committee may also recommend to the Board the formal adoption of a revised charter for future operations of the Committee; and
 - 9.1.2 oversee the preparation of any report or other disclosures to be included in the Company’s Annual Report or other communications to shareholders relating to the external auditors and the Company’s financial statements.

10. Approved and Adopted

This charter was reviewed and approved and adopted by the Board:



Guy Thomas Goudy
Executive Chairman
Dated – 6th March, 2019