



## **Audit & Risk Committee Charter**

### **1. Introduction**

The Board of Directors of Roc Oil Company Limited ("Board") has established an Audit and Risk Committee and adopted this Audit and Risk Committee Charter to set out the role and responsibilities of the Audit and Risk Committee.

### **2. Role of the Audit and Risk Committee**

The role of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and the internal and external audit functions.

The Audit and Risk Committee is not responsible for overseeing work health and safety and environment practises and processes. The Board has established a Health Safety and Environment Committee to assist the Board in carrying out its responsibilities in relation to work health and safety and environment.

The ultimate responsibility for company decisions remains with the full Board.

### **3. Composition of the Audit and Risk Committee**

The Audit and Risk Committee will comprise at least three directors appointed by the Board all of whom must be independent directors. The Board will appoint a chairman of the Committee who must be an independent director.

At least one Audit and Risk Committee member must have a background in finance, accounting or auditing.

The Chief Executive Officer, and Chief Financial Officer will normally be invited to attend meetings and other members of management will attend meetings by invitation. Other non-executive directors may attend the Audit and Risk Committee meetings as ex-officio members.

The Audit and Risk Committee may from time to time form sub-committees to be responsible for and make recommendations to the Audit and Risk Committee or, as directed, to the Board regarding matters referred to the sub-committee.

### **4. Meetings of the Audit and Risk Committee**

The Audit and Risk Committee will meet at least three times a year. Additional meetings may occur as the Committee or its chair determines.

The Chairman of the Committee must call a meeting of the Audit and Risk Committee if reasonably requested to do so by any Audit and Risk Committee member, the Chief Executive Officer, the Chief Financial Officer, internal auditor or the external auditor.

A written agenda and supporting information will be provided to Committee members before each meeting.

A secretary will be appointed and will be responsible for taking and keeping minutes of the meeting and circulating the minutes to all Committee members within a reasonable time following the meeting. Minutes of Meeting must be confirmed and signed at the next meeting of the Committee.

All actions of the Committee must be reported at the next meeting of the Board following the Committee meeting.

A quorum will consist of a majority of Audit and Risk Committee members.

Management must provide the Audit and Risk Committee with timely, focused reports on key issues, including present and potential risks. The Audit and Risk Committee Chairman should have access to informal pre-meeting agenda discussions with the Chief Financial Officer, Financial Controller, Chief Executive Officer or external auditors.

## **5. Responsibilities of the Audit and Risk Committee**

The principal responsibilities of the Audit and Risk Committee are to:

### **General**

- Monitor the financial aspects of the Company's activities.
- Influence or help to set the tone for sound financial reporting and a sound system of internal controls.
- Oversee and appraise the quality of the audits conducted both by internal audit (where relevant) and the external auditors.
- Act as an independent and objective party to review ROC's financial statements, including half-yearly and annual reports, dividend announcements, and other financial information as requested by the Board, to be presented by the Company to shareholders, ASX, ASIC and other entities requiring the data.
- Review and assess the corporate risk management framework assessment.
- Consider recommendations and advice of management and external advisors on operational and financial risks of the Company.
- Maintain, through regular meetings, open lines of communication among the Board, internal auditors (where relevant), the external auditors and ROC Management to exchange views and information.
- Ensure the financial statements are founded on a sound system of risk management and internal compliance and control, and that the system is operating effectively in all material respects in relation to financial reporting risk.
- Ensure the company's risk management and internal control and compliance systems are operating efficiently and effectively in respect of its material business risks.

### **External Reporting**

- Review and discuss with management all regular financial reports to be made to shareholders, ASX and ASIC including half-yearly and annual financial reports and make appropriate recommendations to the Board after focusing on:

- material accounting and reporting issues, underlying estimates and judgmental areas;
  - significant adjustments resulting from the audit and the specifics of any unrecorded audit adjustments;
  - compliance with Australian Accounting Standards;
  - financial exposure arising from material litigation;
  - financial exposure arising from material taxation issues;
  - the relevance of the going concern assumption of the parent entity and the Group; and
  - material changes in accounting policies and practices and their impact (if any) on the reported results.
- Review dividend recommendations made by management prior to Board approval.
  - Review and approve the accounting policies adopted by the parent and its controlled entities to ensure appropriateness.
  - Require reports from management, internal audit and external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Company's financial reporting process.
  - Monitor the Company's process for assessing the risk of material misstatement of the financial statements.
  - Monitor compliance with statutory and Stock Exchange requirements for financial reporting.

### **Risk Management and Compliance**

- Monitor the operational and financial risk aspects of the Company's activities.
- Monitor compliance with the Company's risk management policies and procedures.
- Review and approve the Company's hedging and derivative position.
- Monitor compliance with relevant statutory and ASX requirements for risk management and reporting.
- Review relevant regulatory reports submitted to the company and monitor management's response to them.
- Review insurance coverage.
- Monitor the standard of corporate conduct in areas such as arm's length dealings and likely conflicts of interest.
- Review and make recommendations to the Board regarding the Company's risk management policy and oversee the risk management system, including the resourcing of risk management.

- Review management's evaluation of internal control structure and procedures for financial reporting, including any significant deficiencies and material weaknesses.
- Review, at least annually, the written attestations provided by the CEO and CFO for Australian reporting purposes that the Company's financial statements are founded on a sound system of risk management and internal control and the system is operating effectively in all material respects in relation to financial reporting risks.

### **Audit**

- Review the scope of the audit, the overall audit approach and key audit risk considerations with external auditors.
- Review and approve the audit plan of internal audit (where applicable), key audit and business risk considerations, subsequent changes therein, and monitor performance to that plan.
- Evaluate the overall effectiveness of both internal audit (where applicable) and the external auditors.
- Enquire and determine that no management restrictions are being placed upon either internal audit (where applicable) or external auditors.
- Enquire and determine whether there are any disagreements between management and either internal audit (where applicable) or the external auditors.
- Evaluate the adequacy of the Company's accounting control system by reviewing written reports from the external auditors, and monitor management's responses and actions to correct any noted deficiencies.
- Evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies and internal controls through active communication with management, internal audit (where applicable) and the external auditors.
- Monitor compliance by external auditor with the independence requirements imposed by the Corporations Act.
- Recommend to the Board the appointment and terms of engagement of the external auditors.
- Review the external audit fees (while ensuring a comprehensive audit in accordance with accepted auditing practice).
- Monitor non-audit services provided by the external auditors and reports arising from those services.

### **6. Authority**

In undertaking its responsibilities the Board authorises the Audit and Risk Committee to seek any information that it requires to perform its duties from any employee or consultant of ROC and to obtain external technical and legal advice on matters within its scope at ROC's expense.

**7. Committee Performance**

The Board will, from time to time, evaluate the performance of the Audit and Risk Committee and this Charter to ensure its effectiveness.

**8. Reporting on the Audit and Risk Committee in the Annual Report**

The Board will make appropriate disclosure regarding how the functions of the Audit and Risk Committee were carried out in ROC's Annual Report in accordance with the ASX Corporate Governance Principles and Recommendations.

This Audit and Risk Committee Charter is available on ROC's website [www.rocoil.com.au](http://www.rocoil.com.au)

**Adopted by the Board on 8 April 2004. Updated in October 2005, February 2008 and on 25 January 2012.**