



MOLOPO ENERGY LIMITED

ABN 79 003 152 154

MOLOPO AUDIT AND RISK COMMITTEE CHARTER¹

Molopo Energy Limited is the holding company for the group, the principal activities of which are exploration, development and production of conventional and un-conventional oil & gas resources and related infrastructure.

In this Code references to “the Company” include all subsidiaries and controlled entities of Molopo Energy Limited.

Overview

1. The function of the Company’s Audit and Risk Committee (“the Committee”) is to assist the Molopo Energy Limited Board (“the Board”) in fulfilling its corporate governance responsibilities in respect of:
 - Business risk management;
 - Compliance with legal and regulatory obligations;
 - The establishment and maintenance of the internal control framework;
 - The reliability and integrity of financial information for inclusion in the Company’s financial statements;
 - Safeguarding the independence of the external auditor; and
 - Audit, accounting and financial reporting obligations.
2. It is the responsibility of the Committee to maintain free and open communication between the Committee, external auditor and executive management.

¹ ASX Governance Principles, Recommendation 4.2 & 4.4

Membership

3. The Committee is appointed by the Board.
4. The Committee is to consist of:
 - Only non-executive directors²;
 - At least three members (“the Members”);
 - A majority of independent non-executive directors³;
 - Members who are financially literate (i.e. able to read and understand financial statements);
 - At least one member who has financial expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters⁴); and
 - Some members who have an understanding of the industry in which the Company operates.
5. The Chairman of the Committee (“the Chairman”) is to be an independent non-executive director and is to be appointed by the Board (but is not to be the Chairman of the Board)⁵.
6. The Company Secretary of the Company will act as secretary of the Committee and is to attend all Committee Meetings to ensure minutes are taken of the Meeting⁶.
7. The Chairman may invite the Chairman of the Board, the Chief Executive Officer/Managing Director and the Chief Financial Officer to attend Meetings in an ex-officio capacity. Other directors who are not Committee Members are encouraged to attend Committee Meetings.

Meetings

8. The Committee will meet at least twice every financial year (“Meetings”). Additional meetings may be requested by any Member or the relevant partner from the external auditor.
9. The Committee may meet with the attendance of executive management as required, to ensure there are no issues relating to the external audit⁷.

² ASX Governance Principles, Recommendation 4.3

³ ASX Governance Principles, Recommendation 4.2; Recommendation 2.1, Commentary and Guidance.

⁴ ASX Governance Principles, Recommendation 4.3; Commentary and Guidance.

⁵ ASX Governance Principles, Recommendation 4.3; Commentary and Guidance

⁶ ASX Governance Principles, Recommendation 4.4; Commentary and Guidance

10. The Committee may, at its discretion, meet without the attendance of executive management.
11. The Committee will meet at least once per year with the external auditors without the attendance of executive management, to discuss any matters it wishes to raise privately with the external auditors.
12. Recommendations of the Committee are to be referred to the Board for approval.
13. The Committee is to report on its Meetings to the Board⁸.

Authority and Resources

14. The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.
15. The Committee will have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee will have the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

Role of the Audit and Risk Committee

16. The role of the Audit and Risk Committee is to:
 - (a) Review the financial information presented by management to the Board, the market, shareholders and regulators with particular regard to compliance with statutory obligations;
 - (b) Monitor the integrity of the financial statements of the Company, including reviewing significant financial reporting judgments;
 - (c) Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
 - (d) Evaluate the effectiveness of the Company's administrative, operating and accounting controls;

⁷ ASX Governance Principles, Recommendation 4.4; Commentary and Guidance

⁸ ASX Governance Principles, Recommendation 4.4; Commentary and Guidance

- (e) Monitor and review the effectiveness of the Company's internal audit function (if any);
- (f) Monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- (g) Monitor and review compliance with the Company's codes of conduct;
- (h) Maintain, by regular scheduled meetings, open lines of communication with the external auditors; and
- (i) Perform such other functions as assigned by law, the Company's Constitution or the Board.

Reporting Procedures

17. The Committee is to report to the Board and provide appropriate advice and recommendations on matters relevant to this charter in order to facilitate decision making by the Board.
18. The Company Secretary will include the minutes of Committee Meetings in the Board papers of the next Board meeting. Matters arising from the Committee's activities will be periodically included in the agenda of Board meetings.
19. The Company's annual report to shareholders should include, as part of its Statement on Corporate Governance, a statement describing the responsibilities and activities of the Committee.

AUDIT AND RISK COMMITTEE CHARTER **ANNUAL ACTION POINTS**

Financial Reporting and Internal Controls

- Review half-year and annual financial statements.
- Consider management's selection of accounting policies and principles.
- Consider the external audit of the financial statements and the external auditor's report thereon.
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised).

Annual meeting with External Auditor

- Discuss the Company's choice of accounting policies and methods, and any recommended changes.
- Discuss the adequacy and effectiveness of the Company's internal controls.
- Discuss any significant findings and recommendations of the external auditor and management's response thereto.
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information.

External Auditor Engagement

- Establish/review criteria for the selection, appointment and rotation of the external auditor.
- Recommend to the Board to appoint and replace the external auditor and approve the terms on which the external auditor is engaged.
- Establish/review permissible services that the external auditor may perform for the company and pre-approve all audit/non-audit services.
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees.

- Ensure that the external auditor is requested to attend the AGM of the Company and is available to answer questions from shareholders.

Internal Communications and Reporting

- Provide an annual report that includes the committee's review and discussion of matters with management and the external auditor.
- Regularly update the Board about committee activities and make appropriate recommendations.
- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

Other

- Verify the membership of the Committee is in accordance with the Audit Committee Charter.
- Review the independence of each committee member based on ASX Corporate Governance Guidelines.
- Review and update the Audit and Risk Committee Charter and Annual Action Points.
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters and breaches of the Company's codes of conduct.