

# Audit Committee Charter 2018

## New Zealand Oil & Gas Limited

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### 1. Introduction

This Charter sets out the role, responsibilities and structure of the Audit Committee (**Committee**), including relationships with the Board and any supporting processes and procedures.

This Charter should be read in conjunction with the Board Charter and the Delegated Authorities Manual.

### 2. Role and purpose

The role of the Committee is to assist the Board fulfil its responsibilities in relation to statutory, financial and other reporting, internal control and compliance with laws and regulations by New Zealand Oil & Gas Limited (the **Company**) and its subsidiaries (together with the Company, the **Group**).

### 3. Relationship with the Board

The Committee is part of the Board, exercises its authority and is accountable to the Board for its performance.

The Board is ultimately responsible for statutory, financial and other reporting, internal control and compliance with laws and regulations by the Company and maintains discretion to accept or disregard recommendations made by the Committee.

### 4. Responsibilities

The specific responsibilities of the Committee are described in detail in Schedule 1.

The Committee has the authority to conduct or authorise investigations into any matters within the Committee's scope of responsibility, and to engage consultants to assist it in performing its functions.

The Committee shall have unrestricted access to all Company information, including documents and personnel, and to the Company's external auditors or accountants.

### 5. Committee composition

The Committee shall be comprised of at least three non-executive directors of the Board, with a majority of members being independent directors.

At least one member of the Committee shall have an accounting or financial background.

The Committee will appoint a suitable person as Chair of the Committee.

The Chair of the Board shall not also be the Chair of the Committee.

The quorum shall be two.

### 6. Meetings

The Committee will meet as required but no less than twice a year, to consider, review, and recommend for approval the half yearly and annual financial statements and discuss planning, strategy and costs for the upcoming reviews and audits.

The Committee will appoint a suitable person as Secretary of the Committee.

The Secretary will call a meeting of the Committee if so requested by any Committee member, or the auditors.

The Secretary will prepare agendas for each meeting of the Committee in consultation with the Committee Chair and will record the proceedings of the Committee in minutes to be approved by the Committee.

The Secretary will provide any externally appointed auditors notice of all meetings of the Committee, and relevant extracts of minutes.

The Chair of the Board, directors, the Chief Executive Officer and other employees may be invited (at the request of the Committee) to attend meetings of the Committee. Non-Committee members may only attend Committee meetings on such invitation.

## **7. Reporting**

The Committee will report to the Board on all matters relevant to the Committee's role and responsibilities.

The approved minutes of meetings are to be included in the papers for the next full Board meeting after each Committee meeting.

## **8. Review of Charter**

The Board and Committee shall review this Charter regularly to ensure its relevance and the effectiveness of the Committee.

**Schedule 1: Committee Responsibilities**

#	Responsibility	Timing
1.	<b>Good governance</b> Promote transparency, diligence, and sound corporate governance to ensure the transparent, safe and financially responsibly management of the Group.	Ongoing
2.	Advise the Board in relation to the performance and effectiveness of the Company's corporate governance policies and procedures and, if appropriate, recommend changes to those policies and procedures.	As required
3.	Review the Corporate Governance Statement in the Company's Annual Report.	As required
4.	<b>Financial Reporting</b> With the assistance of the Company's external auditors, review half year and full year financial statements and advise the Board: <ul style="list-style-type: none"> <li>○ whether they comply with applicable financial reporting legislation, generally accepted accounting practice and stock exchange listing requirements; and</li> <li>○ whether the information contained in those documents is consistent with financial and other information provided to the Committee and adequate for shareholder needs.</li> </ul>	Ongoing
5.	<b>External audit</b> Manage relations with external auditors including: <ul style="list-style-type: none"> <li>○ recommending the appointment and removal of external auditors;</li> <li>○ approving of the auditor's engagement letter;</li> <li>○ setting of audit fees;</li> <li>○ reviewing the Group's annual audit plan;</li> <li>○ conducting pre and post audit meetings;</li> <li>○ reviewing the management letter (a copy of which will be sent by the auditors directly to the address of the Chair of the Committee);</li> <li>○ determining the non-audit functions that the external auditors may provide and otherwise doing everything necessary to ensure the independence of the external auditors;</li> <li>○ ensuring that the lead audit partner is changed every five years; and</li> <li>○ undertaking reviews of the performance (effectiveness, independence and objectivity) of the external auditors.</li> </ul>	Ongoing as required
6.	Provide an avenue of communication between auditors and the Board, in particular in relation to matters requiring consideration by directors which relate to financial reporting.	Ongoing
7.	Meet with the auditors and senior management in separate sessions to discuss any matters that the Committee or these parties believe should be discussed privately with the Committee.	Ongoing as required
8.	<b>Compliance</b> Monitor the Company's compliance with significant laws and regulations relating to financial reporting, and compliance with corporate governance guidelines of the NZX and other relevant exchanges.	Ongoing
9.	Ensure that processes are in place to ensure that the Board is properly and regularly informed about significant financial matters relating to the Company, and to monitor compliance with those processes.	Ongoing
10.	Review the Representation Letter to the auditors.	As required
11.	Review and approve significant accounting policy changes and evaluate the appropriateness of the Group's accounting policies.	As required

12.	Review and manage matters relating to shareholder distributions, including providing sufficient information to enable a solvency certificate to be considered by the Board in the event of distributions to shareholders or other actions which require the provision of a solvency certificate.	As required
13.	Review internal financial control systems instituted by management for the Group and monitor their appropriateness.	As required
14.	Monitor legal and regulatory developments that may have a material impact on the financial statements and related accounting policies.	Ongoing
15.	Administer the Group's Protected Disclosures (Whistleblower) Policy and investigate and resolve all complaints or concerns raised thereunder.	Ongoing, as required
16.	<b>Trading oversight</b> The Chair of the Committee is to oversee and authorise trading in restricted securities in accordance with the Securities Trading Policy for Employees and Dedicated Contractors and the Securities Trading Policy and Guidelines for Directors.	Ongoing