



Charter of the audit and risk committee

Strike Energy Limited
ACN 078 012 745

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(Company)

Charter of the audit and risk committee

1. Introduction

- 1.1 This Charter governs the roles, responsibilities, composition and membership of the audit and risk committee (**Committee**) of the Board of Directors (**Board**) of Strike Energy Limited (the **Company**).
- 1.2 The operation of the Committee is also governed, where applicable, by the constitution of the Company.
- 1.3 The Board is committed to ensuring that each of the actions undertaken by the Company and employees reflects the Company's values and strategies.

2. Objective

- 2.1 The purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight of financial reporting responsibilities by:
 - (1) monitoring and reviewing:
 - (a) the integrity of financial statements;
 - (b) the effectiveness of internal financial controls;
 - (c) the independence, objectivity and competency of any internal and external auditors; and
 - (d) the policies on financial risk oversight and management;
 - (2) monitoring and reviewing:
 - (a) the integrity of the risk identification and detection processes;
 - (b) the effectiveness of internal controls associated with mitigation of such risks; and
 - (c) the appropriateness of operational policies and procedures with reference to risk oversight and management;
 - (3) making recommendations to the Board in relation to the appointment of external auditors and approving the remuneration and terms of their engagement.

3. Composition

3.1 Members

The Committee must consist of:

- (1) a majority of non-executive directors;
- (2) to the extent possible, a majority of independent directors; and
- (3) at least 2 members.

However, if the Company is included in the S&P/ASX 300 Index, the Board shall ensure that from the beginning of the next financial year, that the Company complies with the recommendations set by the ASX Corporate Governance Council in relation to the composition, operation and responsibility of the Audit and Risk Committee from the beginning of that financial year.

The members of the Committee will be appointed and removed by the Board.

The establishment of the Committee does not relieve the Board of any of its responsibilities.

3.2 Expertise

Each member of the Committee must have an understanding of financial statement and risk management processes.

In addition each member must be able to demonstrate an understanding of the operation and financial risks associated with the operations of the Company and its subsidiaries.

At least one member should have financial expertise (ie as a qualified accountant or as a finance professional with experience in finance and accounting matters).

At least one member should have an understanding of the industry in which the Company operates.

Members of the Committee must have an appropriate level of understanding of the principles of corporate governance.

3.3 Chair and Secretary

The Board will appoint an appropriately skilled director as chair to the Committee (**Chair**). The Chair must not be the chair of the Board.

The Company secretary will act as secretary of the Committee (**Secretary**) unless determined otherwise by the Board.

4. Meetings

4.1 Frequency

The Committee will meet as frequently as required to fulfil its duties but must, at a minimum, meet twice a year to review the draft half year and full year annual report prior to their release to the market.

The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee.

4.2 **Agenda and notice**

The Secretary will be responsible, at the direction of the Chair, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting. The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible before the meeting.

4.3 **Quorum**

A quorum for Committee meetings will be at least 2 members. The action of a majority of Committee members present at a meeting at which a quorum is present shall be taken as fully effectual as if affected by a majority vote at a meeting held with all Committee members present.

4.4 **Minutes**

The proceedings of all Committee meetings will be recorded in minutes. The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable.

4.5 **Attendance and voting**

- (1) Members of the Committee, and any other Directors wishing to attend, are entitled to be present at Committee meetings (except in circumstances where there is a conflict of interest).
- (2) The Committee may invite any person to attend part or all of any meeting of the Committee as it considers appropriate.
- (3) Voting at Committee meetings is restricted to Committee members.

5. **Powers**

5.1 **Access**

The Committee must operate within the framework of this Charter and has no authority independent of the functions delegated to it by the Board.

The Committee has unrestricted access to management, any employee (and all employees must co-operate with any request made by the Committee), any internal and external auditors and all of the Company's records for the purpose of carrying out its responsibilities under this Charter.

The Committee must be provided with all necessary access to the internal audit function without the presence of management.

The Committee will meet with external auditors, in the absence of management, as often as required, but not less than once a year.

5.2 **Investigations**

The Committee has the power:

- (1) to conduct any investigations it considers necessary; and

- (2) seek explanations and additional information.

The Committee has the power to engage any independent experts it requires to help it fulfil its duties. Costs associated with this will be borne by the Company.

6. Responsibilities

6.1 Risk oversight and management policies

The Committee is responsible for providing the Board with recommendations regarding the ongoing development of financial policies and the risk governance framework.

These recommendations may include but are not limited to the areas of oversight, disclosure, risk management, compliance and controls (application and effectiveness).

6.2 Risk management and risk profile

The Committee is responsible for:

- (1) providing the Board with recommendations regarding the Company's risk management systems through a process of ongoing assessment and discussion with management of the Company's identified risks;
- (2) review the effectiveness of the Company's implementation of the risk management system on an annual basis; and
- (3) regularly reviewing and updating in conjunction with management, the Company's risk profile.

The Committee is responsible for ensuring that the appropriate members of management have established and implemented a system for identifying, assessing, monitoring and managing risk throughout the organisation.

6.3 External auditors

The responsibilities of the Committee include:

- (1) providing a link between the external auditors and the Board;
- (2) reviewing the performance and independence of the external auditors;
- (3) reviewing procedures for the selection and appointment of external auditors;
- (4) reviewing and providing recommendations on the rotation of external audit engagement partners;
- (5) recommending the appointment, remuneration and terms of engagement of the external auditors;
- (6) recommending the scope of the external audit for Board approval;
- (7) reviewing and providing oversight of audit reports and management letters prepared and issued by the external auditors;

- (8) ensuring that no management or other restrictions are placed on the external auditors; and
- (9) determining the type of non-audit services are to be provided by the external auditor and ensuring the provision of such services, if any, must not compromise the independence of the external auditor.

6.4 **Review of Annual and Half Year financial reports**

Duties of the Committee include:

- (1) reviewing the draft annual and half year financial reports for accuracy, adequacy and clarity and ensuring they reflect a true and fair view as a basis for recommendation to and adoption by the Board;
- (2) reviewing financial statements for adherence to and compliance with accounting standards, policies and generally accepted accounting principles and legal and regulatory requirements, including those of the Australian Securities Exchange and under the *Corporations Act 2001*;
- (3) reviewing accounting policies adopted and any changes made to them;
- (4) reviewing management processes supporting external reporting including representation letters provided to the external auditors and declarations made by management in accordance with the *Corporations Act 2001*;
- (5) discussing any significant matters arising from the audit, management judgements and accounting estimates with management and any internal and external auditors;
- (6) reviewing, and where necessary questioning, the actions and judgments of management in relation to all financial reports;
- (7) reviewing with management the adequacy and appropriateness of the Company's internal reporting framework and policies and where appropriate to provide guidance and or direction for their further development and enhancement;
- (8) reviewing issues that could have a significant impact on financial results;
- (9) assessing the effects of any new or proposed changes to legislative or regulatory requirements or accounting practices;
- (10) reviewing correspondence with regulators, revenue authorities and others regarding the Company's financial reporting or related matters and monitoring management's response to them and any findings;
- (11) reviewing material contingent liabilities of the Group (including any ongoing or potential legal actions against or by the Group or against the Board); and
- (12) reviewing the adequacy of the Company's insurance policies.

7. Reporting

7.1 Reporting to the Board

The Committee must report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, the outcomes of the Committee's reviews and recommendations and any other relevant issues.

The minutes of the Committee meetings must be included in the papers for the next full Board meeting subsequent to each Committee meeting.

7.2 Annual report

The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's audit policies and practices.

8. Review of the Charter

- 8.1 This Charter shall be reviewed periodically and at least bi-annually by the Committee, and may be amended by resolution of the Board.