

## Audit and Risk Committee Charter

- Designation:** Board Committee
- Reports to:** Board
- Membership:** Two Directors as appointed by the Board of Directors
- Overall purpose:** The overall purpose of the Audit and Risk Committee is to protect the interests of Winchester Energy Limited shareholders and other stakeholders by overseeing:
- a. on behalf of the Board:
    - i. the integrity of the Company's financial and corporate reporting process;
    - ii. the adequacy of the control environment and the processes for identifying and managing risk;
    - iii. the internal and external audit functions;
    - iv. treasury and taxation practices; and
  - b. as requested by the Board - compliance with applicable legal and regulatory requirements (as regulated by relevant bodies in Australia and USA) and internal codes of conduct (subject to those done by the Remuneration and Nomination Committee).

The Committee will assist the Board by making appropriate recommendations. The Committee does not make decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.

**Chairman:** The Chairman of the Audit and Risk Committee will be appointed by the Board.

**Chairman's Role:** The Chairman of the Audit and Risk Committee shall be a non-executive director.

The Committee Chairman shall:

- a. be knowledgeable of Winchester's business and financial and auditing processes;
- b. oversee planning and conduct of Committee meetings



including approval of agendas and minutes;

- c. oversee written and verbal reporting to the Board on key matters arising from the Committee; and
- d. be involved in the selection of Committee members.

**Member Requirements:**

All members of the Audit and Risk Committee will be non-executive Directors.

The Chairman of the Board is not precluded from being a member of the Audit and Risk Committee.

All Committee members will be financially literate and at least one member will have accounting or related financial expertise.

**Meeting Arrangements:**

The Audit and Risk Committee shall meet at least two times a year. Additional meetings may be held if requested by the Committee Chairman.

A quorum for Audit and Risk Committee meetings will require at least two members.

The CEO will be present for the entirety of all meetings except where the Committee Chairman consents or requests otherwise. The Chairman may invite other senior management to attend meetings as appropriate.

The internal and external auditor will attend meetings at the invitation of the Chairman. The Chairman may invite other advisors, consultants or experts as appropriate.

The Committee will regularly meet with external and internal auditors, without management present. The frequency of these meetings will be not less than twice per year.

All board members are to be issued an invitation to attend each meeting, including those where the focus of the discussion is period end financial reporting.

**Secretarial:**

The Company Secretary or his designate shall be the secretary of the Committee and will be responsible for the minutes of meetings.

**Responsibilities:**

The Audit and Risk Committee shall oversee the external audit function. This oversight will include:

- a. appointment or removal of, and reviewing the performance of, the external auditor;
- b. making recommendations to the Board of Directors regarding scope and accuracy of the external audit and the continuation or termination of the external auditors' engagement and/or any material revision to the terms of the



engagement;

- c. evaluating the independence of the external auditor and ensuring that the provision of non-audit services by the external auditor does not adversely impact independence;
- d. reviewing the appropriateness of the audit approach, scope and methodology (to ascertain the extent to which it can be relied upon to detect weaknesses in internal controls or non compliance with legal requirements);
- e. reviewing the results of the auditor's work with particular emphasis on unresolved or unadjusted issues between auditors and management;
- f. providing a direct line of communication between the external auditor and the Board which is independent of management;
- g. review all management letters; and
- h. approval of fees.

The Audit and Risk Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices by:

- a. reviewing the position taken by management on significant transactions and accounting issues and/or any unusual or highly judgemental matters;
- b. monitoring the effectiveness of the accounting and internal control systems;
- c. reviewing half year and full year Financial Statements and making the necessary recommendations to the Board; and
- d. ensuring that there are no material unresolved issues between management and the external auditors.

The Audit and Risk Committee shall assist the Board with regard to oversight of the Company's risk management practices by:

- a. developing an understanding of key risk areas and the consequences of major risk events;
- b. gaining assurance as to the adequacy of the Company's policies and processes for integrating risk management into its operations;
- c. making a recommendation in relation to any incident involving fraud or other break down of the Company's internal controls;
- d. reviewing the Company's risk management processes on an annual basis; and



- e. reviewing the insurance strategy and determining the extent to which it aligns with the risk exposure of the Company.

The Audit and Risk Committee shall oversee the internal compliance function.

As requested by the Board, the Audit and Risk Committee shall review the processes and internal controls that management have put in place to ensure compliance with laws, regulations and internal codes of conduct.

**Reporting  
Mechanism to the  
Board:**

The Committee Chairman will report to the Board after each Committee meeting and will make recommendations to the Board as appropriate.

**Access to  
Information and  
Independent  
Advice:**

The Committee has the authority, subject to the law, to require access to any information, document, report or material in the possession of any employee of the Company or any related body corporate, and all employees must comply with such requests from the Committee.

The committee may seek provision of educational information on accounting policies and other financial topics relevant to the Company to assist in fulfilling its duties. Further, the audit committee may seek explanations and additional information from the Company's external auditors, without management present, when required.

The Committee may, with prior written approval of the Chairman of the Board, obtain such independent legal, financial and other advice as it considers necessary, with the cost to be borne by the Company.

**Reliance:**

Committee members are entitled to rely on employees of the Company or professional advisers or consultants engaged by the Committee or the Company where:

- a. there are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and
- b. the reliance was made in good faith and after making an independent assessment of the information.

**Review  
Processes:**

The Charter, composition and annual agenda for the Audit and Risk Committee will be reviewed annually. Any changes to this Charter will require the approval of the Board.