

ANNEXURE 4

Top Energy Limited

Audit and Risk Committee

Charter

1. Introduction

This Charter sets out the basis on which the Top Energy Board has established the Audit and Risk Committee (Committee). This Charter and the membership of the Committee will be made available on the company's website.

2. Objectives

The objectives of the Committee are:

- (i) To assist the Top Energy Board in performing its oversight responsibilities relating to financial reporting, including Top Energy group financial statements, regulatory compliance, regulatory information disclosures, and any changes to them.
- (ii) To review the Top Energy financial reporting process, the system of internal control, the audit process, and the Company's policies and process for monitoring compliance with statutes.
- (iii) To review Top Energy's risk management controls, systems, and processes, including Treasury controls.
- (iv) To assist the Top Energy Board in performing its oversight responsibilities relating to the identification, analysis, and management of risks which may have a significant influence on the Company's performance in delivering its Statement of Corporate Intent.
- (v) To alert the Top Energy Board if matters of concern arise from any of the above reviews and analysis.

The Committee's role is not to replace the ultimate authority of the Top Energy Board.

3. Structure and Committee Composition

The Committee shall be a committee of the Top Energy Board, established by the Top Energy Board. Members of the Committee will normally be appointed for a period of three years and the longest serving member shall stand down (but may be reappointed) following the Company's Annual General Meeting. Where more than one member is longest serving, the member to retire shall be selected by lot. Members may be removed from the Committee by the Board at any time during their tenure.

The Committee shall comprise not less than three members, being non-executive Directors of Top Energy, the majority of who are acknowledged as independent by the

Board, pursuant to the Board Charter. The chairperson is to be appointed by the Top Energy Board, shall be an independent director who has a detailed understanding of the business of the Company and the Top Energy group companies and has no long-standing association with the external auditor firm and who is not be the Chair of the Board. The Chair of the Board shall be a member of the Committee ex officio.

Members of the Committee will be financially literate with at least one member being a chartered accountant or hold a similar recognised form of financial expertise.

The Committee shall extend a standing invitation for attendance to all other non-member Top Energy Directors. Such invitation cannot be revoked. The Committee shall extend a standing invitation to the Chief Executive Officer and the General Manager Finance unless, in a particular circumstance, the Committee believes this is inappropriate. The external auditors shall be invited to attend those parts of any meetings as deemed appropriate by the Committee.

The Committee will meet with the external auditors of the company at least once a year, and for at least part of that meeting, no executive directors or other employees of the company should be present.

4. Meetings, Procedures and Reporting

The Committee should meet formally at least three times per year for structured meetings and at other times if requested by the auditors, any member of the Audit and Risk Committee, the Board, Chief Executive, or the General Manager – Finance. The dates, times, and venues of each meeting of the Committee will be notified to all members of the Committee (and to all directors who may attend and observe such meetings) as far in advance as possible. An agenda and supporting papers shall be sent to members as far in advance as possible and in any event in sufficient time to allow attendees to become familiar with the issues to be addressed.

A quorum shall be at least two members. The proceedings of all meetings shall be minuted. The minutes of the Committee shall be circulated to all members of the Top Energy Board together with any papers prepared for the Committee.

The Committee will update the Top Energy Board on Committee activities at the next scheduled board meeting (unless circumstances require earlier communication), make appropriate recommendations and ensure that the Board is made aware of any matters which may significantly impact on the financial or risk condition or affairs of the business.

5. Authority Duties and Responsibilities

The Committee has a responsibility to promote integrity and transparency in financial reporting. In particular, the Committee's duties and responsibilities include but are not limited to the matters set out under the following headings:

5.1. Financial Reporting

- (i) Consider and approve all material accounting policies and practices including any proposed changes, whether proposed by management and/or changes in Generally Accepted Accounting Principle and/or statutory requirement.
- (ii) Consider and approve for submission to the Top Energy Board the half year and final (year-end) Top Energy group accounts including the notes thereto, and all other financial statements (if any) prepared by the company including advising all directors whether they comply with the appropriate laws and regulations.
- (iii) Assessing the fairness of Top Energy group financial statements prepared by the company, and obtaining explanations from management and external auditors on whether:
 - There are any new, significant, or unusual events or transactions.
 - Related party transactions are correctly disclosed
 - Significant accounting estimates, accruals and judgements included in the accounts are correctly disclosed
 - Classification of costs between capital and revenue are appropriate
 - All Top Energy group financial statements and announcements contain adequate and appropriate disclosures.
- (iv) Considering director's reports to the shareholder and recommending the final format and draft to the Board.
- (v) Prior to full Board sign-off of the Top Energy group financial statements, certificates relating thereto and the issue of representation letters to external auditors, the Chief Executive and the most senior financial officer will provide written confirmation to the Board that the Top Energy group financial statements meet financial reporting requirements and that all matters have been disclosed.

5.2. External Audit

The Energy Companies Act requires that the Controller and Auditor-General be the Company's auditor. However, as a matter of practice, private practitioners (external auditors) are appointed to complete this work.

Until the requirement no longer applies, the Committee will:

- (i) Negotiate the audit fees and recommend to the Board the appointment of external auditors, considering the independence from other services provided to the Top Energy group and overseeing the Company's relationship with the external auditor
- (ii) As required, meet with management and/or the external auditors to discuss the Audit Plan, Proposed audit fees and any other planned work for the Company by

the external auditor, and any areas where there are any accounting difficulties, with a view to working towards an acceptable solution.

- (iii) Confirm with the external auditors the form and content of the Audit Report and to receive assurance from the external auditor that management has not placed any restrictions on the Audit report or the Audit approval.
- (iv) At the time the final accounts are received, receive, and consider a report from the external auditor on their annual audit including the audit management letter.
- (v) Following receipt of the external auditor's management letter, meet with the external auditor to consider their report. For at least part of that meeting, the Committee will meet alone with the auditors.
- (vi) Review the performance of the external auditors

While Top Energy cannot dictate the rotation of the external audit firm's partner who undertakes the audit, the Committee shall ensure that the same external audit partner does not lead the company's audit for more than six consecutive years in accordance with OAG policy (i.e. lead and engagement audit partner should be rotated from the engagement after a maximum of six years).

The Committee will also ensure that there is no relationship between the company and the external auditor firm appointed by the Controller and Auditor-General that could compromise that firm's independence.

5.3. Internal Controls

- (i) Ensure that Top Energy 's internal control environment is effective;
- (ii) Evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with senior management, the external auditor and monitoring managements responses and actions to correct any noted deficiencies; and
- (iii) Review Top Energy's potential exposure to fraud.

5.4. Risk Management

- (i) Approve risk management policy for recommendation to the Top Energy Board;
- (ii) Review risk reports from management;
- (iii) Review Top Energy's risk system annually, including the systematic management of risk on a consistent basis across the Top Energy group's operations including, without limitation, the report of the Ngawha Generation Limited Audit and Risk Committee;

- (iv) Ensure risk management is integrated into structures, policies, processes, and procedures and complies with applicable laws and regulations;
- (v) Establish and review the policies for insurance coverage and periodically review insurance coverage.

5.5. Regulatory disclosures

Consider and approve for submission to the Top Energy Board all material regulatory disclosures and statements (which include, without limitation, the compliance statements, information disclosures, Section 98 notices, and 53ZD notices as provided for in the Commerce Act) prepared by the Company including advice to all directors on compliance with the appropriate laws and regulations.

5.6. General Responsibilities

- (i) Review Top Energy's accounting and Treasury Policies, from time to time. No changes to the Treasury Policy should occur without the endorsement of the Committee;
- (ii) Undertake a regular review of Top Energy's tax position, compliance, and exposure;
- (iii) Ensure that there is full and frank dialogue among the Committee, Top Energy Board, external auditors, and management of the Company;
- (iv) Develop, implement, and maintain whistleblowing (protected disclosure) procedures with respect to compliance with the Corporate Governance Code, whether by an amendment to the Company's Code of Ethics or otherwise; and.
- (v) Undertake such other directives that the Top Energy Board may set down, from time to time.

The Committee does not have authority to take actions or make decisions on behalf of the Top Energy Board unless specifically mandated.

The Top Energy Board authorises the Committee, for carrying out its responsibilities, to:

- (vi) Through the Chief Executive, seek any information it requires from any employee of the company and external parties
- (vii) Obtain directly external legal or other professional advice
- (viii) To consult with management and other outside advisers
- (ix) Ensure the attendance of company officers at meetings, as appropriate.

Committee members are not employees of the Company. They are entitled to rely on Company executives on matters within those executive's areas of responsibility and on

external professionals on matters within their area of expertise and, subject to evaluation and review, may assume the accuracy of information provided by such persons, provided the member is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

6. Access

The Committee will have unlimited access to the Company's auditor's and to senior management.

The Auditors, Chief Executive, and General Manager Finance will report directly to the Committee on any matter relevant to the Committee's responsibilities under this Charter.

7. Review of Charter and Committee Performance

The Chair of the Top Energy Board will review this Charter and the Committee's performance and effectiveness annually, inviting comments from all members of the Top Energy Board.

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