



AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

Last Revision: September 2017

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The Icon Energy Group Charter for the Audit and Risk Management Committee

1.0 INTRODUCTION

The Board of Directors (**Board**) of Icon Energy Limited (**Icon Energy** or the **Company**) shall maintain in existence an Audit and Risk Management Committee (**the Committee**). The Committee shall be guided by this Charter.

This Charter sets out the specific responsibilities delegated by the Board to the Committee and provides support for the manner in which the Committee will operate.

The purpose of the Committee is to assist the Board in its oversight of:

- The effectiveness of the systems of financial risk management, governance and internal control;
- The integrity of the Group's financial reporting;
- The integrity of the external audit process, including appointment, performance and independence of the external auditor; and
- Identification of potential risks and the establishment and implementation of a risk management system.

2.0 AUTHORITY

The Committee's scope includes Icon Energy and its subsidiaries.

The Board authorises the Committee, within the scope of its responsibilities to:-

- Seek any information it requires from:
 - Any employee (all employees are directed to co-operate with any request made by the Committee); and
 - External parties.
- Obtain external, independent legal or professional advice at the expense of the Company.
- Require the attendance of Company officers at meetings as appropriate.

The Committee shall have unlimited access to the external auditors and to senior management of the Company.

The Committee is to operate within the framework of this Charter, however, Committee members may raise any other matters considered desirable.

The Committee is a committee of the Board and has no authority independent of the functions delegated to it and is to report its findings and recommendations directly to the Board. The functions of the Committee shall not relieve the Board from any of its responsibilities.

There is to be no delegation of executive power to the Committee.

3.0 ROLE AND RESPONSIBILITIES

The Committee's role 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. This includes:

3.1 External Financial Reporting

- Review and assess the reliability and integrity of the Company's external financial reporting, including investor and media briefings;
- Review and evaluate the critical financial reporting risks of the Company;
- Review correspondence from regulators and others regarding the Company's financial reporting or related matters and monitor management's response to them;
- Review and assess reasonableness of management's assessment of material for financial reporting purposes;
- Review the financial reporting impact of significant transactions outside the Company's normal business;
- Review the half year and annual financial statements and reports with the Managing Director, Chief Financial Officer (CFO) and the external auditors, and recommend acceptance to the Board;
- Review the half year and annual announcement of results to the Australian Securities Exchange with the Managing Director, CFO and the external auditors, and recommend acceptance to the Board;
- Review the adequacy and effectiveness of the Company's accounting policies to determine whether they are appropriate and in accordance with generally accepted practices;
- Review major outstanding contingent liabilities including existing and potential legal actions against the Company or its Board;
- Review public disclosures on the role and function of the Committee (e.g. annual report and company website);
- Review procedures and issues that could have a significant impact on financial results (e.g. reserves reviews); and
- Review the process adopted by the Managing Director and CFO when certifying to the Board as to the truth and fairness of the Company's financial reports and that the financial reports are based on a sound system of risk management and internal compliance and control.

3.2 Internal Financial Controls

Review the overall effectiveness of the Company's internal compliance and control process;

- In consultation with the Managing Director, recommend to the Board, the appointment (and, where appropriate, replacement) of the CFO;
- Review the resources and organisation of the internal accounting function;
- Review the Company's exposure to fraud and review the processes that exist to manage and prevent fraud;
- Oversee the investigation of claims of illegal and fraudulent practices and improper conduct;
- Review management's compliance with financial policies and procedures;
- Review security and control mechanisms over critical financial reporting computer systems.

- Monitor related party transactions and conflicts of interest; and
- Require reports from management, external audit and/or other advisors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact on the Company's financial management and reporting.

Identify and direct any special projects or investigations deemed necessary.

3.3 External Audit

3.3.1 General

- Recommend to the Board the appointment (and, where appropriate replacement) of the external auditor;
- Review and agree the annual external audit plan and fee and reasons for subsequent variations from the plan;
- Review reports prepared by the external auditor and determine whether all matters raised are receiving appropriate attention;
- Evaluate the overall effectiveness of the external audit;
- Provide the external auditors with unrestricted and confidential access to the Chairman of the Committee, or if deemed appropriate by the external auditors with the Chairman of the Board. The external auditors will be instructed to immediately contact the Chairman of the Committee if management has placed unreasonable restrictions on access by the external auditors or there are significant unresolved issues between management and the external auditors; and
- Meet at least annually with the external auditors, in the absence of management, and on any occasion during the year as requested by either the Committee or the external auditors.

3.3.2 Independence of External Auditors

- Periodically assess the objectivity and independence of the external auditors by considering the relationships and services provided by the external auditors that may lead to an actual or perceived lack of independence.
- Oversee policies and practices relating to external audit relationships and provision of non audit services including:
 - Audit partners who have had significant roles in the statutory audit will be required to rotate off the audit after their involvement of 5 successive years (or involvement of 5 years within a 7 year period) and there will be a period of at least 2 successive years before that partner can be involved in the Company's audit again.
 - Require Management to report to each Committee meeting, details of non-audit services provided by the external audit firm, including fees paid.

3.4 Risk Management

- Monitor the establishment and implementation by management of the Company's risk management system;
- Recommend for approval a risk management policy.
- Review the effectiveness of the Company's risk management systems.

Other responsibilities of the Committee include:

- Referring matters of concern to the Board as appropriate;
- Reviewing issues arising from income tax audits by the Taxation Department and significant taxation transactions and strategies of the Company;
- Obtaining information from employees and external parties and instituting special investigations on matters of concern for the Board;
- Reviewing management's submission and recommendation for any dividend payments made pursuant to the Company's capital management strategy, and to recommend any proposed dividends to the Board for final adoption; and
- Reviewing and monitoring compliance with laws and regulations (subject to exclusions below).

4.0 COMPOSITION

The Committee will consist of no less than three members.

The members will all be "independent" non-executive directors within the meaning of 'independent director' set down in the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.

All members will be financially literate and include some members who have an understanding of the Exploration and Production industry.

Members of the Committee shall be appointed for a specified term, after which time, subject to their continuing appointment as a director, shall be eligible for reappointment. The Board will formally approve all appointments and replacements to members and their remuneration.

The Chairman is to be appointed by the Board for a specified term of office and to be eligible for re-appointment by the Board. The Chairman should not be the Chairman of the Board of Directors.

The Secretary is to be nominated by management and approved by the Chairman of the Committee.

5.0 MEETINGS

The Managing Director, CFO and other executives are to attend as required.

Senior executives to attend meetings by invitation.

The Committee should meet as often as required but not less than twice a year including:

- before the issue of the half yearly results announcement; and
- prior to the issue of the final results announcement and the Board meeting approving the financial report, at which time significant matters arising during the audit are considered.

The Committee may meet otherwise as determined by the Chairman of the Committee who takes into account requests from Committee members, the Managing Director, CFO, or the external auditors.

A quorum shall consist of a simple majority of Committee Members. The action of a majority of the members present at any meeting at which a quorum is present shall be as fully effectual as if effected by a majority vote at a meeting duly called and held.

In the absence of any rules and regulations enacted by the Board or the Committee dealing with specific matters, the applicable provisions of the Constitution of the Company to the extent the same are not inconsistent with the resolutions of the Board or the Committee shall apply to the holding of meetings and conduct of the affairs of such Committee.

6.0 GENERAL

The Chairman shall report significant issues arising from the Committee meetings and distribute draft minutes at the next Board Meeting.

Minutes of the Committee are to be considered and, if adopted, signed by the Chairman at the next Committee Meeting.

The Committee shall review and reassess its structure and Charter on a regular basis.

The Committee shall evaluate its own performance, including assessment against each area of responsibility, on a regular basis, and report this to the Board.

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