Cue Energy Resources Limited

AUDIT AND RISK COMMITTEE CHARTER

00/HSE/PC09/CA01	30/06/12	0	Pepper Shepherd	Andrew Knox	Mark Paton	30/06/15
Doc No	**Date**	**Rev**	**Custodian**	**Reviewer**	**Approved**	**Next Review**

1 Purpose

The purpose of the Audit and Risk Management Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the external reporting of financial information, the internal control and operational risk management framework and the independence and effectiveness of audit and compliance with laws and regulations.

Specifically, the Audit and Risk Management Committee shall monitor:

- auditor appointments and effectiveness;
- significant accounting and reporting matters;
- internal control systems; and
- risk management and compliance frameworks.

2 Membership

The Chair shall be appointed by the Board. The Chair of the Audit and Risk Management Committee shall be independent (ie have no material relationships with CUE other than Board and Committee roles). The Audit and Risk Management Committee Chairman shall:

- be knowledgeable of CUE's business, financial and auditing processes;
- oversee planning and conduct of Audit and Risk Management Committee meetings including approval of the agenda and minutes;
- oversee reporting and verbal presentations to the Board from the Audit and Risk Management Committee and be involved in selection of Audit and Risk Management Committee members as appropriate.

All members will be financially literate and at least one member will have accounting or related financial expertise. The membership shall be in accordance with the corporate governance guidelines approved by the Board. The Company Secretary shall be Secretary of the Committee.

3 Meetings

The Audit and Risk Management Committee shall meet at least 2 times a year. Additional meetings may be held if requested by the Chairman. A quorum shall be 2 members. Relevant management and the external auditors may attend Audit and Risk Management Committee meetings by invitation.

4 Committee Responsibilities

The Committee shall assist the Board of Directors in fulfilling its statutory, fiduciary and corporate governance responsibilities relating to accounting, reporting practices and risk management by:

4.1 Audit:

- recommending to the Board of Directors the appointment of the external auditor, any change in such appointment and the fee payable to the external auditor;
- evaluating the independence of the external auditor including the extent of provision of non- audit services by the external auditor;
- ensuring the ongoing management of effective internal controls with appropriate resources;
- reviewing the quality of the external audit function; and
- providing to the Board a direct line of communication from the external auditors.

4.2 Accounting and reporting:

- reviewing significant accounting policies adopted within the Group to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- monitoring the effectiveness of the accounting and internal control systems and reporting;
- reviewing and discussing the scope and results of the work of the external auditor;
- considering financial matters relevant to half and full year financial reporting in a timely manner;
- reviewing half year and full year Financial Statements and making the necessary recommendations to the Board;
- ensuring that there are no unresolved issues between management and the external auditors; and
- reviewing all information distributed externally for the information of shareholders, as required.

4.3 Risk management:

- reviewing the adequacy and effectiveness of the CUE's risk management framework;
- assisting the Board with regards to oversight of the CUE's risk management by gaining assurance that all major identified risks are being adequately managed and that mitigation practices are appropriate.

5 Compliance:

Review of processes in place to ensure compliance with laws, regulations and internal codes of conduct.

6 Authority and powers

The Committee has the authority to have access to and obtain information from management, to consult directly with external auditors, independently of management, if required and to obtain independent advice as appropriate.

7 Reporting and Review

The Chairman will report and as appropriate make recommendations to the Board after each meeting of the Committee on matters dealt with by the Committee. The Charter and composition for the Audit and Risk Management Committee will be reviewed at least annually. Any changes to this Charter will require approval of the Board. The Board will review the effectiveness of the Audit and Risk Management Committee as appropriate.