

## **Appointment of External Auditor**

Principle 4 of the ASX Corporate Governance Principles and Recommendations covers safeguarding the integrity in financial reporting and recommends companies establish written policies on the selection and appointment of external auditors and for the rotation of external audit engagement partners.

### **POLICY:**

Any recommendation for the appointment of or change of the Company's external audit firm will be based on a formal process of review and selection conducted by the Audit Committee which will present its recommendation to the Board.

The audit engagement partner and review audit partner must be rotated off the audit after a maximum period of five years in accordance with the requirements of the Corporations Act and may not be reappointed to the role for at least two years.

### **AUTHORISED PERSONNEL:**

In accordance with Petsec Energy's Audit Committee Charter, the Audit Committee has the responsibility for maintaining the external auditor relationship and making recommendations to the Board in relation the appointment, termination and oversight of the external auditors.

### **PROCEDURE:**

#### **1. Selection and Appointment of External Auditor**

- The Board is responsible for appointing the external auditor, subject to ratification by shareholders at the Company's Annual General Meeting.
- The Audit Committee is responsible for regularly assessing the relationship between the Company and the auditor and making recommendation to the Board in relation to the appointment, termination and oversight of external auditors.
- In selecting the Company's auditor, the Audit Committee shall seek tenders from audit firms experienced in auditing oil and gas exploration and production companies.
- The appointed auditor is required to present to the Audit Committee an annual external audit proposal.
- The Audit Committee, in consultation with the management, will approve the scope of the audit, the terms of the audit engagement and the audit fees.
- Upon engagement, the external auditor will have access to management, staff, records and company facilities, and is permitted reasonable, agreed time to conduct its audit.

## **2. Rotation of Audit Engagement Partner**

Division 5 of Part 2M.4 of the Corporations Act requires that the lead auditor and review auditor responsible for the external audit, be rotated off the audit every five financial years, and not be involved again in the external audit for at least another two financial years.

The Audit Committee will ensure the required rotation of audit partners occurs, and will oversee the appointment and independence of replacement partners, to ensure that the external auditors comply with the Corporations Law. The Committee will report the outcome to the Board.