



## **AUDIT COMMITTEE CHARTER**

The Board of Directors of Future Energy Source Company Limited (FESCO) shall establish an Audit Committee that is responsible for monitoring the independence and control of the Company's accounting procedures, financial processes and financial reporting information as well as ensuring that the risk management systems in addition to the audit system and function are being complied with and are effective.

### **1. Composition**

- 1.1 The Committee shall comprise of a minimum of three (3) and a maximum of seven (7) Directors with the ability to read and understand financial statements, the majority of which shall be independent non-executive directors as defined in FESCO's Corporate Governance Policy, and its membership shall not include the Chairman of the Board.
- 1.2 The Committee Chair shall be an independent non-executive director with current professional experience in accounting or finance, appointed by the Board of Directors.
- 1.3 The Secretary shall be the Company Secretary or such other person as nominated by the Board.

### **2. Meetings**

- 2.1 The Committee shall meet at least four (4) times per year.
- 2.2 Three (3) Committee members, a majority being independent directors, shall be a quorum.
- 2.3 Meetings may be called by the Secretary on the request of the Committee Chair, or any two (2) members of the Committee.

### **3. Authority**

- 3.1 The Committee shall be entitled to investigate any activity within its scope described in this Charter, by seeking information from employees, obtaining outside legal or professional advice and where reasonable, securing their attendance at meetings.
- 3.2 The Committee may meet with members of management, the internal audit team and the external auditors to discuss the results of an audit and/or to support the flow of communication between them for improved coordination of their functions.

### **4. Duties & Responsibilities**



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- 4.1 The Audit Committee is responsible for supporting the Board's fulfilment of its duty to monitor management's financial performance and the integrity of its reporting in accordance with accounting standards and relevant rules by –
- 4.1.1 Reviewing the quarterly unaudited and the annual audited financial statements and reporting to the Board on any financial reporting issues.
  - 4.1.2 First assessing material information related to matters for deliberation by the Board against FESCO's financial information where practicable, to communicate its views and make recommendations to the Board.
  - 4.1.3 Reviewing announcements and disclosures in relation to the Company's financial information for clarity and compliance with laws and rules.
  - 4.1.4 Reviewing the content of the annual report and advising the board as to whether it is fair, balanced and clear.
  - 4.1.5 Reviewing the terms of the external auditors' engagement and the appropriateness and reasonableness of their proposed fees.
  - 4.1.6 Reviewing the internal and external audit plans with management and the external auditors to make an assessment as to whether those plans are adequate to detect weaknesses in internal control, fraud or other illegal acts and issues of integrity.
  - 4.1.7 Recommending to the Board the appointment or re-appointment and remuneration to the external auditors, to be put to shareholders at each annual general meeting.
  - 4.1.8 Annually reviewing the independence and objectivity of the audit function and periodically evaluating the external audit services being provided.
- 4.2 The Committee shall be responsible for supporting the Board's oversight of FESCO's risk management by –
- 4.2.1 Assessing the adequacy of the internal audit system and overseeing its effectiveness in managing risks and to regularly review the need for an internal audit function.
  - 4.2.2 Reviewing the quality and accuracy of management's accounting software and other systems and the adequacy of their protection against damage and disruption.
  - 4.2.3 Requesting and reviewing Management reports on operational and compliance controls.
  - 4.2.4 Overseeing the creation of policies for identification, assessment and management of risks and apprising the Board of identified risks.



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4.2.5 Putting in place procedures to receive and proportionately handle complaints concerning financial, audit and accounting issues including for anonymous submissions by employees. Such procedures must allow independent investigation and appropriate follow-up.

### **5. Reporting**

The Committee shall maintain minutes and at the next regularly scheduled Board meeting the Committee Chair shall provide a report to the Board of its proceedings, reviews and recommendations.

### **6. Charter Review**

The Committee shall next review this Charter within one year of its first approval and thereafter at least bi-annually and any updates deemed necessary shall be recommended for Board approval.

<b>Board Approval</b>	<b>Date</b>	<b>Next Review Target</b>
1 <sup>st</sup>	November 11, 2022	November 10, 2023