



ANTARES ENERGY LIMITED

AUDIT AND COMPLIANCE COMMITTEE

TERMS OF REFERENCE

Adopted 30 October 2009

1. ESTABLISHMENT

- 1.1 The Committee was established by Antares Energy Limited in 2002 and the current terms of reference adopted effective 30 October 2009.
- 1.2 Variation of these Terms of Reference may only be made by the Board, and the Committee is empowered to determine its own procedures.

2. INTRODUCTION

As part of the Board's corporate governance policy it has constituted an Audit and Compliance Committee to facilitate:

- the effective operation of systems and controls which minimize and manage financial and operational risk;
- reliable financial and management reporting policies and procedures;
- compliance with laws and regulations; and
- maintenance of an effective and efficient internal (if required) and external audit process.

3. RESPONSIBILITIES

The Audit and Compliance Committee's role is to:

- (a) review the Company's statutory financial statements, including the annual report, and ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- (b) monitor compliance of the accounting records and procedures, in conjunction with the Company's auditor, with the requirement of the Australian Securities and Investments Commission, Australian Stock Exchange Limited ("**ASX**"), Corporations Act and Australian Taxation Office;
- (c) oversee compliance with statutory responsibilities;
- (d) review internal controls and recommend enhancements, including the appropriateness of an internal audit function;
- (e) ensure that Group operating and management reporting procedures, and the system of internal control, are of a sufficiently high standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- (f) review audit reports and management letters to ensure prompt action is taken by the Company's management;
- (g) via a process, nominate the external auditor and at least annually review the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged;

- (h) At least annually, review the risk register to ensure management are continuously updating the register in line with changes in strategies and business operating conditions and circumstances;
- (i) review the suitability of the Company's insurance programme annually; and
- (j) action any other business processes or functions which may be referred to it by the Board of Directors.

The decisions of the Committee, as contained in its Minutes, shall constitute recommendations to the Board of Directors.

4. AUTHORITY AND ACCESS

The Board authorises the Audit and Compliance Committee within the scope of its responsibilities to:

- seek any information it requires from employees or external parties;
- obtain outside independent professional advice;
- ensure the attendance of external parties with relevant experience and expertise.

5. ADMINISTRATIVE MATTERS

5.1 COMPOSITION OF COMMITTEE

The Audit and Compliance Committee should comprise of two Directors one of whom must be a non executive director who will act as Chairman. The Audit and Compliance Committee should include members who are all financially literate (ie. are able to read and understand financial statements); at least one member who has financial expertise (ie is a qualified accountant or other financial professional with experience in financial and accounting matters); and some members who have an understanding of the industry in which the entity operates.

The appointment of members and the terms of appointment are at the discretion of the Board of Directors and vacancies may be filled as they arise.

5.2 DIRECTORS AND OTHERS IN ATTENDANCE

- 5.2.1 All Directors who are not members of the Committee will receive a copy of all Committee papers and may attend meetings if they so desire.
- 5.2.2 The Chairman of this Committee and the Chairman of any subsidiary company Audit and Compliance Committee shall liaise for the purpose of ensuring the efficient operation of all Group Committees and the proper consideration of all matters placed before them.
- 5.2.3 The Committee may require Officers of the Group or other persons to attend meetings for special purposes.
- 5.2.4 If applicable, the Internal Audit Manager, internal audit staff and the internal audit contractors shall attend and report to the Committee as required.

5.2.5 Where appropriate, the Audit Partner responsible for the audit of the Company may be requested to attend Audit and Compliance Committee meetings.

5.2.6 Directors or other persons “in attendance” shall not have a vote at the meeting of the Committee.

5.3 ELECTION OF CHAIRPERSON

5.3.1 The Board of Directors shall appoint the Chairperson who shall be a non executive director.

5.3.2 In the temporary absence of the Chairperson, a Member of the Committee shall preside over the meeting.

5.4 ALTERNATE MEMBERS

5.4.1 The Chairman of the Committee may appoint any other Director to be a member of the Committee for any meeting where insufficient members are present to constitute a quorum.

5.5 SECRETARY TO THE COMMITTEE

5.5.1 The Company Secretary or such other person as determined by the Chairman and Managing Director shall act as Secretary to the Committee.

5.5.2 The Company Secretary shall be the authorised channel of communication of all decisions of the Committee.

5.5.3 The Company Secretary supports the effectiveness of the Committee by monitoring that Committee policy and procedures are followed, and coordinating the completion and dispatch of Committee agenda and briefing materials.

5.6 MEETINGS PROCEDURES

5.6.1 Frequency

This Committee shall meet as often as is required by the Board or as the Committee may determine but generally not less than twice a year.

5.6.2 Notice Of Meetings

As far as is possible, notice of meetings and supporting documentation shall be dispatched three days in advance of the meeting date.

5.6.3 Quorum

A quorum shall consist of two members.

5.6.4 Voting

- Each Member shall have one vote.
- The Chairperson shall have a casting vote.
- Those "in attendance" shall not vote.

5.6.5 Minutes

- Minutes of each meeting shall be kept and distributed to each Member as soon as practicable after the meeting.
- The Minutes shall be submitted to the next meeting of the Committee for the confirmation and certification by the Chairperson as a correct record of the proceedings.
- The Minutes of any Subsidiary Audit and Compliance Committee shall be tabled for review.
- Copies of Minutes of Committee meetings shall be supplied to each Director.

5.7.6 Mode

Members may attend the meeting by phone.

6. CONFIDENTIALITY

The proceedings of the meeting shall be kept confidential.

Approved by the Board of Antares Energy Limited on 30 October 2009



James Cruickshank
Chairman/CEO
for and on behalf of the Board of Directors