

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

SWALA OIL AND GAS (TANZANIA) LIMITED

Company Number 84838

1. ROLE

1.1 The role of the Swala Oil and Gas (Tanzania) Limited (Swala) Audit and Risk Management Committee (Committee) is to assist the Swala Board in fulfilling its corporate governance responsibilities in regard to:

- i. the reliability and integrity of financial information for inclusion in the Swala financial statements;
- ii. audit, accounting and financial reporting obligations of Swala;
- iii. safeguarding the independence of the external auditor;
- iv. financial risk management;
- v. the oversight and management of material business risks; and
- vi. the effectiveness of the Company's management of its material business risks

1.2 In particular, the Committee is to undertake the functions of the Audit and Risk Management Committee.

2. MEMBERSHIP

2.1 Committee Members and the Chairman of the Committee are appointed by the Swala Board in accordance with the Swala Constitution.

2.2 The Committee will comprise at least two of the Non-Executive Directors.

2.3 The Chairman of the Committee is to be a Non-Executive Director.

2.4 It is anticipated that at least one Member has financial expertise or significant experience of financial, accounting and commercial matters. The Committee may seek the counsel of a financial expert at any time and may do so in accordance with clause 6 of this Charter.

2.5 All Directors and the Group Financial Controller are invited to attend Committee Meetings.

3. RESPONSIBILITIES

3.1 Understanding the Business

The Committee should ensure it understands the structure, controls and types of transactions of Swala.

3.2 Financial Reporting

In assisting the Board (and without limiting its scope), the Committee will:

- i. review the financial information presented by management to the Board, the market, security holders and regulators;
- ii. oversee the effectiveness of administrative and accounting controls used by Swala;
- iii. oversee and appraise the quality of the audits conducted by the external auditors; and
- iv. maintain open lines of communication with the external auditors.

3.3 Review of Financial Information

Without limiting its scope, the Committee is to review:

- i. the draft half yearly and annual financial statements of Swala, prior to consideration by the Swala Board, to ensure they represent a true and fair view of Swala's financial position and performance; and
- ii. the declaration signed by the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) as required by regulations.

3.4 Taxes

Without limiting its scope, the Committee is to:

- i. monitor compliance with all tax obligations;
- ii. review any relevant taxation information submitted to the Committee; and
- iii. where necessary, approve or ratify any material amendments to taxation policies.

3.5 Financial Risk Management

Without limiting its scope, the Committee will ensure management has established and operates a financial risk management system which is designed to identify, assess, monitor and manage financial risk.

3.6 External Auditor

In relation to the external auditor, the Committee should:

- i. observe the policies and procedures for the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners;
- ii. recommend to the Swala Board:
 - a. appointment and removal of the external auditor;
 - b. terms of appointment or re-appointment of the external auditor; and
 - c. level of fees payable to the external auditors;
- iii. at least annually, assess the performance and independence of the external auditor and whether the independence of this function is maintained having regard to the provision of non-audit related services, any written advice;
- iv. on an annual basis, obtain and review a report from the external auditor describing:
 - a. the audit firm's internal quality control and conflict procedures;
 - b. any material issues raised by the most recent quality control, or peer review, of the audit firm, and any steps taken to address such issues; and
 - c. all relationships between the external auditor and Swala.

3.7 Risk Management

Without limiting the scope, the Committee will use all reasonable endeavours in overseeing the risk management system which is designed to identify, assess, monitor and manage risk.

In assisting the Board, the Committee will:

- i. oversee Swala's risk management strategies;
- ii. establish an overall profile of the risks and risk appetite of Swala;
- iii. review the risk management process within Swala so that all high risks are identified and that appropriate risk management processes are in place;
- iv. review periodic risk management reports prepared by the executive management; and
- v. present to the Board at least half-yearly, the overall results of this assessment and update this as required; and
- vi. periodically review the effectiveness and suitability of the risk management plan.

3.8 Legal and Regulatory Compliance

Without limiting its scope, the Committee will, in conjunction with the Board, use all reasonable endeavours so that Swala complies with:

- i. all relevant statutory and regulatory obligations; and
- ii. all internal policies and procedures.

3.9 Other

Other responsibilities of the Committee include, but are not limited to:

- i. reviewing policies and practices on sensitive issues referred to the Committee by the Board;
- ii. identifying and directing any special projects or investigations as deemed necessary; and
- iii. examining any other matters referred to it by the Board.

4. MEETINGS

4.1 The Committee should meet as often as the Chair of the Committee determines necessary. At a minimum, the Committee should meet at least twice per year (for consideration of the half and full-year results of Swala). Committee Meetings may however be requested by any Member.

4.2 A quorum for a Committee Meeting is when at least two Members are present.

4.3 Minutes of all meetings of the Committee are to be kept by the Company Secretary.

4.4 Relevant Swala employees may be invited to attend Committee Meetings.

4.5 Committee meetings will be governed by the same rules, as set out in the Company Constitution, as they apply to the meetings of the Board.

4.6 At each Meeting, the Committee may:

- i. meet privately;
- ii. meet with executive management (without the external auditor) to ensure there are no issues relating to the external audit; and
- iii. meet with the external auditors (without management) to allow any sensitive issues to be discussed and to seek assurance that no management restrictions are being placed upon the external auditors.

4.7 The Committee may meet with the external auditors outside of Committee Meetings as required.

5. REPORTING

- 5.1** The Committee is to report on its Meetings to the Board (which may be either verbally or in writing). The Committee will also provide the minutes of the Meeting to the Board for information.
- 5.2** In conjunction with the approval of the Annual Financial Reports, the Committee is to prepare a Report to the Board. The Report is to contain all matters relevant to the Committee's role and responsibilities, and should include but not be limited to:
- i. assessment of whether external reporting is consistent with Committee Members' information and knowledge and is adequate for security holders' needs;
 - ii. assessment of the management processes supporting external reporting;
 - iii. to the extent necessary:
 - a. procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
 - b. recommendations for the appointment or removal of an external auditor; and
 - iv. assessment of the performance and independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services.

6. ACCESS TO INFORMATION AND ADVICE

- 6.1** Committee Members have unlimited, direct access to the external auditors.
- 6.2** The Committee has the authority to seek any information it requires from any Swala employee and all employees must comply with such requests.
- 6.3** In carrying out its functions, the Committee may take independent legal, accounting or other professional advice or assistance, at the reasonable expense of Swala. Unless a conflict exists or to do so would be inconsistent with the Committee's duties, the Committee is to request such information, professional advice or assistance permitted under this clause 6 via the Chairman.

7. COMMITTEE PERFORMANCE

To determine whether it is functioning effectively, the Committee shall:

- i. review this Charter annually; and
- ii. undertake an evaluation of its performance at intervals considered appropriate by the Chairman.