

CONTINENTAL ENERGY CORPORATION



**CHARTER OF THE
AUDIT
COMMITTEE**

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1. EFFECTIVENESS AND CHANGE

This revision of the Charter of the Audit Committee (this "**Charter**") is ratified and adopted by order of the Board of Directors (the "**Board**") of Continental Energy Corporation ("**Continental**") with effect upon and from **10 January 2020**.

This version of the Charter replaces all earlier revisions and shall continue in full force and effect until revoked or further revised by the Board. Words and phrases denoted in "parentheses", **bold-face** type, and *italics* refer to defined terms having the meaning ascribed to them in this Charter.

This Charter may from time to time be amended by the Board in order to address any new issues or specific concerns which may arise as a result of ongoing business operations; changes in statutory or regulatory compliance requirements; and any recommendations for changes brought to the Board by management or any Board committee.

2. PURPOSE AND SCOPE

The Board has caused the preparation of this Charter for the purpose of establishing operating procedures and guiding principles for the Board's duly appointed Audit Committee (the "**Committee**") which is duly formed and constituted as a standing committee of the Board.

- a) Further, the Audit Committee is expressly established with the intent of operating in full compliance with Continental's obligations to the Canadian Securities Administrators pursuant to:
 - i) *National Instrument 52-110 Audit Committees* and its *Companion Policy 52-110CP* as last amended and in force and effect (both herein referred to as "**NI-52-110**").
 - ii) *National Instrument 58-101 Disclosure of Corporate Governance Practices* as last amended and in force and effect (herein referred to as "**NI-58-101**").
 - iii) *National Policy 58-201 Corporate Governance Guidelines* as last amended and in force and effect (herein referred to as "**NP-58-201**").
 - iv) The certain provisions of *Section-3.8 of NP-58-201* which provides that the Continental Board adopt a written code of business conduct and ethics that is applicable to directors, officers and employees of the issuer and which constitutes written standards that are reasonably designed to promote integrity and to deter wrongdoing.
- b) In accordance with the provisions of *Part-1.1 of NI-52-110*, Continental is a "**Venture Issuer**", and thereby in accordance with *Part-6.1 of NI-52-110*, exempt from certain portions of the requirements of *Part-3 and Part-5 of NI-52-110*.
- c) This Charter sets out the Committee's mandate and responsibilities in accordance with *Part-2.3.(1) of NI-52-110*.

3. AUTHORITY OF THE COMMITTEE

The Audit Committee is authorized and empowered by the Board, to:

- a) ensure that Continental's annual consolidated financial statements are prepared in accordance with the latest *International Financial Reporting Standards* as issued by the *International Accounting Standards Board* and the interpretations of the *International Financial Reporting Interpretations Committee*,
- b) review and recommend to the Board any changes or additions to Continental's accounting principles, standards, practices, and policies for use by Continental in the preparation of its financial statements and similar reports,
- c) engage independent auditors and independent counsel and other advisors as it determines necessary to carry out its duties and set and authorize payment of their respective compensation, and

- d) oversee the execution of the completion of the annual audit by the independent auditors and coordinate directly with the auditors in the preparation of all required consolidated annual financial statements and similar financial reports on behalf of Continental.

4. MISSION AND RESPONSIBILITIES

The mission and responsibilities of the Committee include the following:

- e) The Committee must recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an annual auditor's report or performing other audit, review or attest services for Continental; and the compensation of the external auditor.
- f) The Committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Continental, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- g) The Committee must pre-approve all non-audit services to be provided to Continental or its subsidiary entities by Continental's external auditor.
- h) The Committee must review Continental's financial statements, management discussion and analysis and annual and interim profit or loss press releases before Continental publicly discloses this information.
- i) The Committee must be satisfied that adequate procedures are in place for the review of Continental's public disclosure of financial information extracted or derived from Continental's financial statements, other than the public disclosure referred to in the preceding section, and must periodically assess the adequacy of those procedures.
- j) The Committee must establish procedures for:
- i) the receipt, retention and treatment of complaints received by Continental regarding accounting, internal accounting controls, or auditing matters; and
 - ii) the confidential, anonymous submission by employees of Continental of concerns regarding questionable accounting or auditing matters.
- k) The Committee must review and approve Continental's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of Continental.
- l) In accordance with the provisions of *Section-3.8 of NP-58-201*, oversee and supervise revisions of Continental's "**Code of Business Conduct and Ethics**" (the "**Code**") to ensure that the Code is periodically reviewed by the Committee in light of any recommended or statutory or regulatory compliance related changes that may be desired or required, and that the Committee recommends to the Board that the Code be revised accordingly;
- m) Oversee and supervise revisions of Continental's "**Policy on Control of Information and Insider Trading**" to ensure that the policy is periodically reviewed by the Committee in light of any recommended or statutory or regulatory compliance related changes that may be desired or required, and that the Committee recommends to the Board that the policy be revised accordingly;
- n) Oversee and supervise revisions of Continental's "**Policy on Anti-Bribery and Anti-Corruption**" to ensure that the policy is periodically reviewed by the Committee in light of any recommended or statutory or regulatory compliance related changes that may be desired or required, and that the Committee recommends to the Board that the policy be revised accordingly;
- o) Oversee and supervise revisions of Continental's "**Policy on Compliance with Sanctions and Trading Restrictions**" to ensure that the policy is periodically reviewed by the Committee in light of any recommended or statutory or regulatory compliance related changes that may be desired or required, and that the Committee recommends to the Board that the policy be revised accordingly;

5. COMPOSITION OF THE COMMITTEE

- a) The Committee shall be comprised of at least three directors, each of whom shall upon appointment be a "**Member**" of the Committee.
- b) At least a majority of those directors appointed as Members of the Committee shall be "**Independent Directors**" as defined in *Part-1.4* or in *Part-6.1.1 of NI 52-110 Audit Committees*, and at such times as the membership composition of the Board permits all of the appointed Members shall be Independent Directors.
- c) Each director appointed as a Member to the Committee shall be "**Financially Literate**" in accordance with the meaning of that term as set forth in *Part-1.6 of NI 52-110 Audit Committees*.
- d) At least one director appointed as a Member to the Committee shall qualify as an "**Audit Committee Financial Expert**" accordance with the meaning of that term as set forth in the USA's *Regulation S-K (17 CFR Part 229.407(d)(5)(ii))*.
- e) The Board may or may not designate one member of the Committee to be its "**Chair**". If a Chair of the Committee is not designated or is not present at a meeting of the Committee, then the Members of the Committee may designate a Chair for the meeting by a majority vote of the Members present membership, provided that at least two Members are present which shall constitute a quorum.
- f) The Members of the Committee shall be appointed by the Board and shall serve until their successors are appointed. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to the Committee continuing to satisfy the composition requirements mentioned above.

6. MEETINGS OF THE COMMITTEE

- a) Except as expressly otherwise provided in this Charter or in the articles of the company, the Committee shall fix its own rules of procedure.
- b) In order to discharge its responsibilities, the Committee shall meet annually at the time of the preparation of the management information circular that Continental files annually on SEDAR prior to holding an annual or special general meeting for the purpose of electing directors basis. Additionally, the Committee may otherwise meet at such times as the Chair of the Committee shall designate.
- c) At all meetings of the Committee, the presence of a majority of the Members will constitute a quorum for the transaction of the business and the vote of a majority of the Members present shall be the act of the Committee.
- d) Members of the Committee may participate in a meeting of the Committee by conference telephone, voice over internet, or similar means of communications by means of which all people participating in the meeting can hear each other and participation in such a meeting will constitute presence in person at such a meeting.
- e) Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting if all of its members consent in writing to the action and such writing is filed with the records of proceedings of the Committee.
- f) If applicable, directors not on the Committee may attend meetings at the discretion of the Committee. At the invitation of the Committee, members of management and outside consultants may attend Committee meetings.

7. POLICY OVERSIGHT AND ADMINISTRATION

In addition to the primary responsibilities of the Committee as set forth in Section-4, the Committee, in conjunction with the Governance and Nominating Committee, shall also oversee and make recommendations for new additions and improvements to Continental's separately published code of conduct and policy statements (each a "**Policy**"). In such joint actions the Audit Committee shall act as the Senior Committee, and any decisions of the Audit Committee shall be final and take precedence over those of the Governance and Nominating Committee.

The Policies over which the Audit Committee exercises such oversight duties include the following and others which may be added from time to time by the Board:

- a) Continental's "**Code of Business Conduct and Ethics**".
- b) Continental's "**Policy on Control of Information and Insider Trading**".
- c) Continental's "**Policy on Anti-Bribery and Anti-Corruption**".
- d) Continental's "**Policy on Compliance with Sanctions and Trading Restrictions**".

8. OTHER COMMITTEE RELATIONSHIPS

The nature of the Committee's duties under this Charter may overlap from time to time with the duties of other Committees established by the Board. In such cases the Committee and the overlapping Committee shall work together to divide such overlapping duties so as to avoid any overlapping duplication of effort. In the case of any overlap of the Committee's duties and responsibilities hereunder and those of the Committee, then the Committee shall take seniority for authority and responsibility to ensure the overlapping task is executed in accordance with its own charter.

9. NI 52-110 DISCLOSURE

The Committee is charged with the principle task and responsibility to facilitate, enable, and ensure that Continental makes timely and accurate disclosures and filing in the form and substance required by *Part-6.2 of the Canadian Securities Administrators' National Instrument 52-110 Audit Committees* in accordance with Continental's obligations thereunder as a "**Venture Issuer**" as defined in Section-1.1 thereof. The Committee shall accomplish this task as follows:

- a) The Committee is authorized and empowered on behalf of the Board to prepare the disclosure required by *Form 52-110F2* for inclusion in the management information circular that Continental prepares and files annually on SEDAR prior to holding an annual or special general meeting for the purpose of electing directors.
- b) In the event that for some fiscal year Continental does not prepare and file a management information circular as provided for in Section-9.a), then the Committee is authorized and empowered on behalf of the Board to prepare the disclosure required by *Form 52-110F2* for inclusion in Continental's annual information form or in its annual management discussion and analysis.

10. REGULATORY AND PUBLIC NOTICE FILINGS

Continental has published and filed this latest revision of the Charter of the Audit Committee with Canadian and USA securities regulators as follows.

- a) A complete copy of this Charter of the Audit Committee has been filed on the Canadian Securities Administrators ("CSA") *National Instrument ("NI") 13-101 System for Electronic Document Analysis and Retrieval ("SEDAR")* in accordance with requirements of Part-2.3 of *NI 58-101 Disclosure of Corporate Governance Practices*.
- b) Further, a copy of this Charter of the Audit Committee has been incorporated by reference to the SEDAR filing and/or filed separately on the US Securities Commission's EDGAR - Electronic Data Gathering, Analysis, and Retrieval system under cover of a *Form-6K Report of Foreign Issuer*.

A complete copy of this Charter is available for public review and/or download in convenient PDF form from either the "Governance Documents" tab on Continental's website: www.continentalenergy.com.

Alternatively a complete PDF copy of this Charter is available for view and/or download directly from Continental's SEDAR profile page at: <https://www.sedar.com/DisplayProfile.do?lang=EN&issuerType=03&issuerNo=00005599>
The PDF download link can be found after a search of Continental's SEDAR filings dated 10 January 2020.

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