

**SERICA ENERGY PLC  
(the "Company")****Terms of Reference of the  
Audit Committee of the  
Board of Directors (the "Committee")**

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**1. Purpose, Duties and Responsibilities**

The Committee is appointed by the Board of Directors (the "Board") to:

- 1.1 assist the Board in the oversight of:
  - 1.1.1 the integrity of the Company's financial statements, and other financial reporting;
  - 1.1.2 the Company's compliance with legal and regulatory requirements as they relate to Committee matters;
  - 1.1.3 the external auditor's qualifications, independence and performance;
  - 1.1.4 communications with the external auditor;
  - 1.1.5 risk management and internal controls over financial reporting; and
  - 1.1.6 the review and approval of the financial aspects of any related party transactions.
- 1.2 Prepare and/or approve any report that is required by law or regulation to be included in any of the Company's public disclosure documents relating to the Committee.
- 1.3 Produce an annual report on the Committee's activities for inclusion in the Company's Annual Report to Shareholders and review and advise on all other statements relating to the Company's policy and practice regarding risk management and financial reporting proposed to be included in the Annual Report or any other corporate publication.

The Committee's specific duties and responsibilities are as follows:

**1.4. Financial Reporting**

The Committee shall:

- 1.4.1. monitor the preparation and integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.

- 1.4.2. advise the Board, independently from the executive directors and the external auditors, whether it considers the Company's corporate reporting, including the annual report and accounts, to be fair, balanced and understandable.
- 1.4.3. review and challenge where necessary:
  - 1.4.3.1. the application of significant accounting policies and any changes to them;
  - 1.4.3.2. the methods used to account for significant or unusual transactions where different approaches are possible;
  - 1.4.3.3. whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
  - 1.4.3.4. the clarity and completeness of disclosures in the financial statements and the context in which statements are made; and
  - 1.4.3.5. all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to financial risk management.

## 1.5. Risk management and internal controls

The Committee shall support the Board in embedding a sound system of financial risk management and internal control and have oversight on the effectiveness of those systems. In particular, it shall:

- 1.5.1. keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems;
- 1.5.2. review and approve the statements to be included in the Annual Report concerning internal control, financial risk management, including the assessment of principal risks and emerging risks, climate-related financial disclosures and the viability statement;
- 1.5.3. discuss with the external auditor and management as necessary the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- 1.5.4. review management's plans and strategies around investment practices, banking performance and treasury risk management; and
- 1.5.5. review management's procedures to ensure compliance by the Company with its loan covenants and restrictions, if any.

## 1.6. Internal Audit

The Committee shall:

- 1.6.1. review the need for internal audit function annually and make a recommendation to the Board accordingly;
- 1.6.2. where appointed, review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work, and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation, and
- 1.6.3. review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out.

## 1.7. External Audit

The Committee shall:

- 1.7.1. review and approve the Audit Tender policy;
- 1.7.2. consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 1.7.3. develop and oversee the selection procedure for the appointment of the audit firm in accordance with applicable Code and regulatory requirements;
- 1.7.4. if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 1.7.5. oversee the relationship with the external auditor. In this context the committee shall:
  - 1.7.5.1. approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted, and
  - 1.7.5.2. approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- 1.7.6. assess annually the external auditor's independence and objectivity taking into account relevant law, regulation, the ethical standards and other professional requirements and the group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
- 1.7.7. satisfy itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- 1.7.8. agree with the Board a policy on the Company hiring employees and former employees of the Company's external auditor or former external auditor;
- 1.7.9. monitor the auditor's processes for maintaining independence;

- 1.7.10. assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- 1.7.11. seek to ensure coordination of the external audit with the activities of the internal audit function where existing;
- 1.7.12. develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the auditor, including prior approval of non-audit services by the committee and specifying the types of non-audit service to be pre- approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements;
- 1.7.13. meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 1.7.14. discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 1.7.15. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 1.7.15.1. a discussion of any major issues which arose during the audit;
  - 1.7.15.2. the auditor's explanation of how the risks to audit quality were addressed;
  - 1.7.15.3. key accounting and audit judgements;
  - 1.7.15.4. the auditor's view of their interactions with senior management; and
  - 1.7.15.5. levels of errors identified during the audit.
- 1.7.16. consider whether any findings require process change or notification to the Board and recommend changes accordingly;
- 1.7.17. review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee;
- 1.7.18. review major changes to the Company's auditing and accounting principles and practices suggested by the external auditor; and
- 1.7.19. ensure that the annual independent Reserves Assurance process is completed by the Reserves Committee, ahead of the year-end financial modelling and accepts the year-end reserves.

## 1.8. Reserves Committee

The Reserves Committee is a sub-committee of the Committee with its own Terms of Reference. It has responsibility for appointing an independent external qualified petroleum engineering consultancy every year to produce a Reserves Report on the Company's oil and gas reserves. This report, once agreed with management, must be prepared in time to meet with the requirements of the Auditor and the preparation of the Annual Report of the Company. The Reserves Committee will report their actions to the Committee when the Reserves Report is completed.

## 2. Committee Composition, Procedures and Organisation

- 2.1 The Committee shall consist of not fewer than three directors as determined by the Board, the majority of whom shall be Independent Non-Executive Directors ("INED's").
- 2.2 Appointments to the Committee shall be for an initial period of up to three years, renewable provided always that no person shall serve more than six years in aggregate as a member of this Committee.
- 2.3 The Board may at any time remove, replace or reappoint any member of the Committee and fill any vacancy in the Committee.
- 2.4 The Board shall appoint an INED member of the Committee as chair of the Committee (the "Committee Chair"). If a Committee Chair is not designated by the Board or is not present at a meeting of the Committee, the members of the Committee in attendance, provided they are quorate, may designate an INED to be chair for the relevant meeting by majority vote.
- 2.5 The Company Secretary of the Company, or in the Company Secretary's absence, a member of the Committee designated by the Committee, shall act as Committee Secretary (the "Committee Secretary").
- 2.6 The quorum for the meetings shall be two members of the Committee present in person or by telephone or any other means which permits all persons participating in the meeting to speak and to hear each other.
- 2.7 The Committee shall meet not less than three times a year including one meeting without executive management present and at such other times as a majority of the members of the Committee may request.
- 2.8 Meetings of the Committee shall be called by the Committee Secretary for a time and place advised by the Committee Chair.
- 2.9 Only members of the Committee shall have the right to attend Committee meetings. However, with the agreement of the Committee, other persons may be invited to attend for all or part of a meeting.

- 2.10 Unless otherwise agreed by the members of the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed with any supporting papers shall be issued to each member of the Committee no later than five days before the date of the meeting.
- 2.11 The Committee Secretary shall minute the proceedings of the Committee. Draft minutes will be circulated promptly to the Committee Chair and thereafter to the members of the Committee. Once approved the minutes will be placed on the portal available to all members of the Board.
- 2.12 The Committee may agree a resolution in writing by an exchange of emails by and between all of the members of the Committee. Any such written resolution shall be placed on the Company's board support portal available to all members of the Board.
- 2.13 The Committee shall endeavour to reach a consensus on matters requiring a decision but failing consensus decisions may be made by majority vote with minority positions noted. In no circumstances shall the Committee Chair have an additional casting vote.

### **3. Committee Authority**

- 3.1 The Committee is authorised to retain any professional advisers to assist the Committee in its work as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve all related fees.

### **4. Reporting Responsibilities**

- 4.1 The Committee Chair, or his or her nominee, shall report to the Board following each meeting of the Committee and at such other times as the Committee may determine.

### **5. Evaluation of Committee**

- 5.1 The Committee shall periodically assess its performance and that of its Chair and report the outcomes of such reviews to the Board.

### **6. Amendment of Terms of Reference**

- 6.1 The Committee shall periodically review these terms of reference to ensure that they remain adequate, and if necessary recommend any proposed changes to the Board for approval.

These Terms of Reference were approved by the Board on 25 May 2023