



## Audit Committee Charter

### Objective

The Audit Committee (the “**Committee**”) will assist the board of directors (the “**Board**”) in fulfilling its financial oversight responsibilities with respect to the governance of TAG Oil Ltd. (the “**Company**”). The Committee will review and consider, in consultation with the auditors, the financial reporting process, the system of internal controls regarding finance and accounting and the Company’s accounting and auditing processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each Committee member must obtain an understanding of the principal responsibilities of Committee membership as well as the Company’s business and operations.

### Scope and Application

The Committee also has the responsibility to identify and understand the principal risks to the Company and its business and to report such risks to the Board to ensure there are systems in place to effectively monitor and manage those risks with a view to the long-term viability of the Company and in order to achieve its long-term strategic objectives.

### Principles

#### (1) Composition

The Board will appoint from among their membership a Committee after each annual general meeting of the shareholders of the Company. The Committee will consist of a minimum of three directors. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

##### ***(a) Independence***

All of the members of the Committee must meet the independence requirements set forth in National Instrument 52-110 (“NI 52-110”).

##### ***(b) Expertise of Committee Members***

Each member of the Committee must be “financially literate” as defined under NI 52-110, having the ability to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. At least one member of the Committee must have accounting or related financial management expertise. The Board shall use its business judgment to interpret the financial literacy and financial management expertise requirements of the Act and shall conclude whether a director meets these qualifications.

## **(2) Meetings**

The Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Committee may determine. The Committee shall meet at least once every quarter and will hold special meetings as it deems necessary or appropriate in its judgment, which includes meeting at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions. Meetings may be held in person or virtually.

A minimum of two (2) members of the Committee shall constitute a quorum.

## **(3) Roles and Responsibilities**

The Committee shall fulfill the following roles and discharge the following responsibilities:

### ***(a) External Audit***

The Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report or performing other audit, review or attest services for the Company (including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures). In carrying out this duty, the Committee shall:

- (i) recommend to the Board the external auditor to be nominated to the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- (i) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (ii) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (iii) review and recommend to the Board the compensation to be paid to the external auditors (taking into consideration the auditor's fee for the preceding year); and
- (iv) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

### ***(b) Risk Management and Internal Control***

The Committee shall periodically review the Company's risk governance framework and the guidelines, policies, and processes for monitoring and mitigating risks, which are available, including management's views on acceptable and appropriate levels of exposures. The Committee shall regularly discuss major risk exposures and the steps management has taken to monitor and control such exposures, and review and discuss with management, the risks associated with cross border operations in line with international corruption/fraud legislation. The Committee will report to the Board any significant matters.

The Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments, and liabilities of the Company. In carrying out this duty, the Committee shall:

- (i) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (ii) ensure that the external auditors discuss with the Committee any event or matter which suggests the possibility of fraud, illegal acts, or deficiencies in internal controls.

### ***(c) Financial Reporting***

The Committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the Committee shall:

#### ***General***

- (i) review significant accounting and financial reporting issues, especially complex, unusual, and related party transactions; and
- (ii) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

#### ***Annual Financial Statements***

- (iii) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements prior to their release to the public;
- (iv) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (v) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

#### ***Interim Financial Statements***

- (vi) review the draft interim financial statements and provide a recommendation to the Board with respect to the approval of the financial statements prior to their release to the public; and
- (vii) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

#### ***Release of Financial Information***

- (viii) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

#### ***Adequacy of Procedures***

- (ix) periodically, and at least annually, assess the adequacy of the foregoing procedures in order to satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

#### ***(d) Non-Audit Services***

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Committee. In no circumstances shall the auditor provide any non-audit services to the Company that are prohibited by applicable law or regulation.

##### ***Delegation of Authority***

- (i) The Committee may delegate to one or more independent members of the Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Committee at its next scheduled meeting.

##### ***De-Minimis Non-Audit Services***

- (ii) The Committee may satisfy the requirement for the pre-approval of non-audit services if:
  - i. the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
  - ii. the Company or its subsidiaries, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
  - iii. the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated.

##### ***Pre-Approval Policies and Procedures***

- (iii) The Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
  - i. the pre-approval policies and procedures are detailed as to the particular service;
  - ii. the Committee is informed of each non-audit service; and
  - iii. the procedures do not include delegation of the Committee's responsibilities to management.

#### ***(e) Other Responsibilities***

The Committee shall:

- (i) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;



- (ii) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (iii) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (iv) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (v) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company and coordinate such review and approval with the Compensation and Nomination Committees, as deemed appropriate;
- (vi) perform other oversight functions as requested by the Board; and
- (vii) review and update this Charter periodically and receive approval of changes to this Charter from the Board.

#### ***(f) Reporting Responsibilities***

The Committee shall regularly update the Board about Committee activities and make appropriate recommendations.

#### **(4) Resources and Authority of the Committee**

The Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (i) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (ii) set and pay the compensation for any advisors employed by the Committee; and
- (iii) communicate directly with the internal and external auditors.

#### **(5) Guidance — Roles & Responsibilities**

The following guidance is intended to provide the Committee members with additional guidance on fulfillment of their roles and responsibilities on the Committee:

##### ***(a) Internal Control***

- (i) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (ii) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and



- (iii) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

**(b) Financial Reporting**

**General**

- (i) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (ii) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (iii) understand industry best practices and the Company's adoption of them.

**Annual Financial Statements**

- (iv) review the annual financial statements and determine whether they are complete and consistent with the information known to Committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (v) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (vi) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (vii) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (viii) ensure that the external auditors communicate all required matters to the Committee.

**Interim Financial Statements**

- (ix) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (x) meet with management and the auditors, either virtually or in person, to review the interim financial statements; and
- (xi) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;



- (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the company's operations and financing practices;
- (iii) generally accepted accounting principles have been consistently applied;
- (iv) there are any actual or proposed changes in accounting or financial reporting practices;
- (v) there are any significant or unusual events or transactions;
- (vi) the Company's financial and operating controls are functioning effectively;
- (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
- (viii) the interim financial statements contain adequate and appropriate disclosures.

***(c) Compliance with Laws and Regulations***

- (i) periodically obtain updates from management regarding compliance with this Charter and industry "best practices";
- (ii) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (iii) review the findings of any examinations by securities regulatory authorities and stock exchanges.

***(d) Other Responsibilities***

- (i) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.

**Related Policies**

- Code of Business Conduct and Ethics