

# Audit and Risk Committee Charter

## 1. Overall purpose/objectives

The audit committee is appointed by the board of directors to assist the board in discharging its oversight responsibilities. The audit committee will:

- oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information.
- review the effectiveness of the company's internal financial control and risk management system;
- review the effectiveness of the audit process;
- review the company's process for monitoring compliance with laws and regulations affecting financial reporting;
- report to the Board of Directors.

## 2. Authority

The board authorises the audit committee, within the scope of its responsibilities, to:

2.1 Perform activities within the scope of its charter

2.2 Engage independent counsel and other advisors as it deems necessary to carry out its duties.

2.3 Ensure the attendance of company officers at meetings as appropriate.

2.4 Have unrestricted access to members of management, employees and relevant information.

2.5 Be directly responsible for the appointment, compensation, retention and oversight of the work of the external auditor.

2.6 Approve all audit engagement fees and terms as well as reviewing policies for the provision of non audit services by the external auditor [and, when required, the framework for pre approval of such services].

### **3. Organisation**

#### **Membership**

3.1 The Audit Committee will consist of not less than two non executive Directors. None of the members will be an officer or an employee of the Company or of its subsidiaries or related companies.

3.2 All Committee members must be financially literate, at least one member must have accounting or related financial experience.

3.3 The Chairperson of the Audit Committee will be nominated from time to time by the Board.

3.4 Members of the Committee shall be appointed by the Board, for a renewable term of 2 years.

3.5 Two members of the Audit Committee will constitute a quorum for any meeting.

3.6 The Committee shall have adequate resources and authority to discharge its responsibilities.

3.7 Committee members are able to attend, at company expense, technical and professional development courses.

#### **Attendance at Meetings**

3.8 The Audit Committee will determine the timing, venue of and procedures followed at the meetings.

3.9 The Audit Committee will invite such other persons (eg the Managing Director, Chief Financial Officer, External Auditor) to its meetings, as it deems necessary.

3.10 The committee, without management present, may decide to meet separately with the external auditors.

3.11 Meetings shall be held not less than 3 times a year

3.12 The meeting agenda approved by the committee chairman.

3.13 Special meetings may be convened as required. The external auditors may request the convening of a meeting if they consider that it is necessary.

3.14 The proceedings of all meetings will be minuted and signed by the chairperson.

### **4. Roles and Responsibilities**

#### **Internal control**

The audit committee will:

4.1 Evaluate whether management is setting the appropriate 'control culture' by communicating the importance of internal control and management of risk.

4.2 Address the effectiveness of the internal control systems and risk management systems with management and internal and external auditors.

4.3 Understand the controls and processes implemented by management to ensure that the financial statements derive from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate management review.

4.4 Assess whether management response to internal control recommendations made by the external auditors have been implemented by management.

4.5 Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown or to protect against computer fraud or misuse.

### **Financial reporting**

4.6 Gain an understanding of the current areas of greatest financial risk and how these are being managed.

4.7 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understanding their impact on financial reports.

4.8 Oversee the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements and preliminary announcements prior to their release.

4.9 Review management's process for ensuring that information contained in analyst briefings and press announcements is consistent with published financial information, balanced and transparent

4.10 Meet with management and external auditor to review the financial statements, the key accounting principles and judgements, and the results of the audit.

4.11 Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditor.

4.12 Obtain reasonable assurance through Management Representation Certificates and discussion with management and the external auditor that the process for preparing financial statements and preparation of other public disclosure documents

containing financial information is reliable and functioning effectively.

4.13 Review for completeness and accuracy the reporting of the entity's main corporate governance practices as required under the Australian Stock Exchange listing rules.

### **Related Party Transactions**

4.14 Review and monitor the propriety of related party transactions.

### **Compliance with laws and regulations**

4.15 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) of any fraudulent acts on non compliance.

4.16 Obtain regular updates from management and company's legal counsel regarding compliance matters that may have a material impact on the company's financial statements or compliance policies.

4.17 Be satisfied that all regulatory compliance matters, related to the business of the company, have been considered in the preparation of the financial statements.

4.18 Review the findings of any examinations by regulatory agencies.

### **Working with auditors – External audit**

4.19 Consider the independence of the external auditor. Review the external auditor's proposed audit scope, approach and the level of audit fees. Ensure no unjustified restrictions or limitations have been placed on the scope.

4.20 Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information. Also, the appropriateness of the accounting policies applied in the Company's financial reports and whether they are considered as aggressive, balanced or conservative.

4.21 Meet separately with the external auditor to discuss any matters that the committee or auditor believe should be discussed privately. Ensure the external auditor has access to the chairman of the audit committee when required.

4.22 Ensure that the management responds to the external auditor's recommendations and suggested improvements to the Company's operations and internal control and ensure that serious differences of opinion between them have been resolved.

4.23 Review on an annual basis the performance of the external auditor and make recommendations to the board for the appointment, reappointment or termination of

the external auditor.

4.24 Ensure the company has appropriate policies regarding the hiring of personnel from the external audit firm for senior positions after they have left the audit firm.

### **Reporting responsibilities**

4.25 As all non executive directors constitute the Audit Committee, reporting to the Board will comprise submission of the minutes of committee meetings.

### **Evaluating performance**

4.26 Annually evaluate the committee's own performance, both of individual members and collectively.

4.27 Assess the achievement of the duties specified in the charter and report the findings to the board.

### **Review of the committee charter**

4.28 Review the audit committee charter annually and discuss any required changes with the board.

4.29 Ensure that the charter is approved or re approved by the board