

## AUDIT AND RISK COMMITTEE CHARTER

The Board of Directors has resolved to establish an Audit and Risk Committee ('Committee').

### 1. Committee Structure

#### Membership

- The Committee will consist of non-executive Directors, the majority of whom are independent.
- The Board will appoint a Chairman of the Committee who will have appropriate experience in financial reporting and will not be the Chairman of the Board.
- The CFO and CEO will be invited to attend Committee meetings.
- The external auditor will be invited to attend Committee meetings.

#### Secretarial and meetings

- The Company Secretary will be appointed Secretary of the Committee.
- The Secretary, in conjunction with the Chairman, will draw up an agenda which shall be circulated at least one week prior to each meeting to the members of the Committee and to the external auditors.
- The Chairman will call a meeting of the Committee if so requested by any Director.
- Meetings shall be held at least four times a year.

#### Responsibilities

- The Committee shall consider any matters relating to the financial affairs of the Group and to the external audit that it considers necessary.
- The Committee will review all ASX and public releases of financial information by the Company.
- The Committee will oversee the Company's Risk Management.
- Framework and the management of risk by the executive.
- In addition, the Committee shall examine any other matters referred to by the Board of Directors and carry out the duties outlined below.

#### Reporting

- The Chairman of the Committee shall report the findings and recommendations of the Committee to the Board of Directors after each Audit Committee meeting.
- The Minutes of all Committee meetings shall be circulated to members of the Board of Directors.

#### Authority

- The Committee shall have no executive powers regarding its findings and recommendations.
- The Committee shall have the authority to seek any information it requires from any officer or employee of the Group and such officers or employees shall be instructed by the Board of Directors to respond to such enquiries.
- The Committee is authorised to take such independent professional advice as it considers necessary.



## 2. Duties of Committee

The duties of the Committee are as follows:

- a. reviewing financial statements and other financial information distributed externally;
- b. monitoring corporate risk assessment and the internal compliance and control system instituted, including assessment of the performance and objectivity of the internal audit function
- c. monitoring the establishment and operation of an appropriate internal control framework, including information systems, and considering enhancements;
- d. reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- e. assessing the appropriateness of accounting policies;
- f. reviewing significant or unusual transactions and accounting estimates;
- g. reviewing management processes supporting external reporting.
- h. liaising with the external auditors and ensuring that the annual audit is conducted in an effective manner that is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- i. monitoring the procedures in place to ensure that the Group is complying with relevant legislative and reporting requirements;
- j. monitoring processes in place to ensure all continuous disclosure obligations are met
- k. reviewing reports on any major defalcations, frauds and thefts from the Group;
- l. monitoring the implementation of, and periodically reviewing the Directors' Code of Ethics;
- m. reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between Directors, executives and/or their related entities and the Group
- n. reviewing the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of an external auditor;



### 3. Agenda

The Committee will hold meetings in accordance with the attached Audit Committee Agendas and timetable.

## AUDIT COMMITTEE AGENDA

Appropriate agenda items and suggested timing for Committee meetings covering the yearly activities of the Committee are outlined below.

The agenda is based on the Committee meeting four times per year.

### October meeting

- Debriefing with CFO and external auditor on the preparation of the annual report and the report of the activities of the previous year;
- Review Audit Committee Charter and consider plans for the coming year;
- Consider matters raised by the external auditors in their management letter and management's response.
- Consider implementation of new controls arising from the letter;
- Review reports on certain aspects of the Company's superannuation plan and compliance with relevant laws and regulations;
- Review policies on sensitive issues or practices such as environmental issues;
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified.
- Review of the operation and effectiveness of internal controls; and
- Annual identification of business risks facing the entity and assessment of the adequacy of internal controls and the Risk Management Framework.

### February meeting (to be held at least 2 business days before the Board Meeting)

Presentation by senior management on the adequacy of systems of internal control;

- Consider and assess the performance of financial management;
- Meet with the external auditor to review the results and findings of the audit/review, to discuss the adequacy of internal financial controls, and to monitor the implementation of any recommendations made;
- Review of half-year financial statements;
- Consider and recommend to the Board the half-yearly financial statements (in conjunction with CFO and external auditors);
- Review and recommend to the Board the content of ASX returns, announcements and Investor Briefings
- Meet with external auditor to discuss next financial year's audit plan and budget;
- Presentation by management on Risk Management Framework status; and
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified.



### **May Meeting**

- Consideration of financial issues and accounting policies which will impact the annual report;
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified;
- Annual consideration of the Directors' Code of Ethics and procedures in place to ensure compliance; and Review of the Company's Risk Management Framework.

### **August Meeting** (to be held at least 2 business days before the Board meeting)

- Meet with the external auditor to review the results and findings of the annual audit, to discuss the adequacy of internal financial controls, and to monitor the implementation of any recommendations made;
- Review of related party transactions;
- Reassess the Company's main Corporate Governance practices and consider content of the Corporate Governance Statement for inclusion in the annual report;
- Consider and recommend to the Board the preliminary final statements (in conjunction with the CFO and external auditors);
- Review and recommend to the Board the content of ASX returns, announcements and Investor Briefings;
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified; and
- Presentation by management on Risk Management Framework status.