

Audit & Risk Committee Charter

1.1 Functions

The primary function of the Audit & Risk Committee is to assist the Board of the Company (**Board**) in discharging its responsibility to exercise due care, diligence and skill in relation to the following areas:

- (a) application of accounting policies to the Company's financial reports and statements;
- (b) monitoring the integrity of the financial information and corporate reporting provided to security holders, regulators and the general public;
- (c) corporate conduct and business ethics, including Auditor independence and ongoing compliance with laws and regulations;
- (d) maintenance of an effective and efficient audit;
- (e) appointment, compensation and oversight of the external Auditor, and ensuring that the external Auditor meets the required standards for Auditor independence; and
- (f) regularly monitoring and reviewing corporate governance policies and codes of conduct.

The Audit & Risk Committee members have direct access to the Company's external Auditors and have the authority to seek any information they require to carry out their duties from any officer or employee of the Company. Notwithstanding this, all directors of the Company may liaise with the external Auditor.

1.2 Composition

The Audit & Risk Committee is comprised of three independent members.

The Audit & Risk Committee currently comprises James Davies, John Holland, Jeffrey Whalan and John Martin as an alternate member for each of James Davies, John Holland and Jeffrey Whalan.

The Chairman of the Audit & Risk Committee is an independent member selected by the Board. James Davies is the current Chairman of the Audit & Risk Committee.

1.3 Meetings and Attendance

The Audit & Risk Committee meets a minimum of four times per annum. Attendees are invited at the request of the Audit & Risk Committee members. The Board may have in attendance at meetings any members of outsourced service providers as may be necessary.

Proceedings of all meetings are minuted and signed by the Chairman of the Audit & Risk Committee. An update (verbal or in writing) of each meeting will be given by the Chairman of the Audit & Risk Committee at the next board meeting following the meeting and copies of the minutes of the meetings will be provided to each member of the Board on request.

1.4 Independence of Auditors

The Audit & Risk Committee:

- (a) closely monitors the independence of its Auditors;
- (b) regularly reviews the independent safeguards put in place by its Auditors;
- (c) restricts the type of non-audit services which can be provided by its Auditors so as not to compromise the Auditors' independence;

- (d) undertakes a six-monthly review of non-audit fees paid to its Auditors; and
- (e) requires the rotation of the audit partner every 5 years and imposes restrictions on the employment of ex-employees of its Auditors.

1.5 Financial Reporting

The Audit & Risk Committee:

- (a) reviews half-yearly and yearly financial reports and statements with the external Auditor;
- (b) reviews with the external Auditor, the results of the external audit and any significant issues identified;
- (c) reviews any accounting policy changes with the external Auditor; and
- (d) makes recommendations to the Board on significant accounting and financial policy.

1.6 Regulatory Compliance and Ethical Matters

The Audit & Risk Committee:

- (a) oversees the Company's compliance with significant statutory requirements; and
- (b) considers the findings of any examinations by regulatory bodies.

1.7 Access and Authority

The Audit & Risk Committee:

- (a) has unrestricted access to all records and staff (if any) of the Company and the external Auditors;
- (b) is authorised by the Boards to obtain outside legal and other independent professional advice as necessary;
- (c) subject to the approval of the Board, has the power to sub-delegate its powers and discretion to staff of the Company

1.8 Review of Charter

- (a) The Audit & Risk Committee charter is reviewed annually by the Audit & Risk Committee to ensure that it remains consistent with the Audit & Risk Committee's authority, objectives and responsibilities.
- (b) All amendments to the charter are discussed and approved by the Board.

1.9 Duties and responsibilities

The duties and responsibilities of the Audit & Risk Committee are described below.

External auditors

- (a) Select, evaluate and, where necessary, recommend to the Board the replacement of an external auditor;
- (b) Review and agree any annual audit engagement letters;
- (c) Review annual audit plans and approve the fees charged for audit and review services;

- (d) Determine the categories of non-audit services that may be provided by an external auditor;
- (e) Review and approve policies in respect of the engagement of the external auditor for non-audit services, supervise the application of the policy and, where required, provide pre-approval of non-audit services that are to be undertaken by an external auditor;
- (f) Where required, ensure disclosure to shareholder of the Audit & Risk Committee's approval of all non-audit services provided by an external auditor;
- (g) Review and provide oversight of audit reports prepared and issued by an external auditor on financial statements and activities;
- (h) Consider and review reports prepared by an external auditor on critical accounting policies, all alternative treatments of financial information permitted under Australian Accounting Standards and, where relevant, the International Financial Reporting Standards or other accounting standards, and all other written communication between an external auditor and management.
- (i) Resolve disagreements between an external auditor and management regarding the Company's financial reporting or otherwise report to the Board;
- (j) Discuss with an external auditor any relationship that may impact their objectivity and independence, and report any significant issues to the Board;
- (k) Ensure that an external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company; and
- (l) Annually review the effectiveness of an auditor, and report any significant findings to the Board.

Financial reporting

- (a) Consider and determine the accounting policies to be applied by the Company;
- (b) Receive from management and the external auditors a timely analysis of significant financial reporting issues and practices and review such analyses;
- (c) Discuss the audited/reviewed financial statements, earnings press releases, other financial information being made public, any significant matters arising from the audit, management judgments and accounting estimates, and significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices with management and external audit;
- (d) Discuss the critical accounting policies with external audit and management;
- (e) Review the certification provided by the Company's Chief Executive Officer on annual and half-yearly financial reports and review the processes that were used to reach the opinion provided in the certification;
- (f) Ensure the financial statements include disclosure covering governance issues in accordance with the requirements of regulators;
- (g) Review the form of opinion that the external auditors propose to render; and
- (h) Report any significant matters to the Board.

Internal control and risk management

- (a) Assess the internal processes for determining and managing key risk areas, particularly:

- (i) compliance with laws, regulations, standards and best practice guidelines
 - (ii) important judgments and accounting estimates
 - (iii) litigation and claims
 - (iv) fraud and theft and
 - (v) relevant business risks other than those dealt with by other specific board committees.
- (b) Ensure that the Company has an effective risk management system and that significant or material risks are reported to the Board;
- (c) Address the effectiveness of the internal control, risk management and performance management systems with management and the internal and external auditors;
- (d) Assess the effectiveness of, and compliance with, the corporate code of ethical conduct and compliance with internal plans, policies and procedures;
- (e) Obtain regular updates from management and the Company's lawyers about compliance matters.