

AUDIT AND RISK COMMITTEE CHARTER

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1.0 **PURPOSE**

The Audit and Risk Committee (The “Committee”) is a sub-committee of the Board of Directors established by the Board and it has specific powers as set out in this Charter.

The purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company’s financial reporting, internal control, internal and external audit functions, risk management, regulatory compliance and legal compliance.

2.0 **THE AUDIT AND RISK COMMITTEE**

2.1 **Composition of the Audit and Risk Committee**

The Audit and Risk Committee is composed of at least three members, each of whom must be a non-executive Director of the Company. A majority of the members must also be independent Directors. The Audit and Risk Committee will also have an independent chairman, appointed by the Board, who is not the Chairman of the Board. The Board will appoint the members of the Audit and Risk Committee, including at least one member who has financial expertise.

Unless otherwise determined by the Audit and Risk Committee, the Company Secretary will act as the Secretary of the Audit and Risk Committee.

2.2 **Role of the Audit and Risk Committee**

The role of the Audit and Risk Committee is to provide advice and assistance to the Board to assist in ensuring the Company:

- a) fulfils its audit, accounting and reporting obligations;
- b) monitors the performance of internal and external auditors (including assessing the independence of external auditors);
- c) complies with legal and regulatory obligations;
- d) complies with the Company’s risk management policies and procedures;
- e) monitors compliance with applicable accounting standards and other requirements relating to the preparation and presentation of financial statements and results;
- f) maintains an appropriate standard of effective internal controls; and
- g) complies with ASX governance principles.

2.3 **RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE**

2.3.1 **Financial reporting**

- a) Keep itself apprised of the latest developments, policies and trends in relation to financial matters, accounting standards, and regulations, to the extent that they relate to the Company;
- b) monitor the integrity of the financial statements of the Company and review the Company’s external reporting procedures, including the financial reporting processes and financial statements;
- c) assess the suitability of the Company’s financial accounting policies, practices and procedures;
- d) review the financial statements and Directors Report (excluding the Remuneration Report which is reviewed and recommended by the Remuneration Committee) to be included in the Company’s published financial statements, before approval by the Board;
- e) assess whether the external audit reports are consistent with the reports and information available to the Audit and Risk Committee; and
- f) review and recommend to the Board, the Corporate Governance Statement for inclusion in the annual report of the Company or placement on the Company’s website and ensure that it complies with all regulatory disclosures and requirements.

2.3.2 External audit

- a) Make recommendations to the Board regarding policies and procedures for the selection and appointment of the external auditor and the rotation of external audit engagement partners;
- b) make recommendations to the Board in relation to the appointment, removal and remuneration of the external auditor;
- c) review the effectiveness and performance of the external auditor;
- d) review the findings of the external audit with the external auditor and ensure the Company responds to any material issues raised by the external auditor;
- e) require a formal confirmation of independence from the external auditor on an annual basis; and
- f) restrict the external auditor to only provide services to the Company that do not, or are not perceived to conflict with the role of an external auditor.

2.3.3 Risk Management, internal control and internal audit

- a) review the Company's risk management policies and risk management systems and monitor their effectiveness;
- b) review the effectiveness of the Company's risk management processes and receive reports on major identified risks periodically;
- c) review and approve management's programs in relation to ensuring the adequacy and effectiveness of internal controls over business processes;
- d) assess whether management has appropriate controls in place for transactions that may carry more than the usual degree of risk accepted by the Company;
- e) ratify the engagement and dismissal by management of any chief internal audit executive or outsource provider and ensure that such internal auditor does not provide external audit services and is independent of the external audit function;
- f) monitor and review the performance of the Company's internal audit function and processes;
- g) assess whether the independence of the internal audit function has been maintained;
- h) review the reports to management prepared by internal audit and review management responses to those reports;
- i) assess the propriety of, and make recommendations to the Board in relation to, the approval of all material related-party transactions;
- j) Review the Company's annual insurance programme; and
- k) Provide advice to the Board on financial matters as directed.

2.3.4 Compliance

- a) assess the effectiveness of the Company's processes for identifying and managing compliance with laws including; Trade Practices, Environmental Law etc. (but excluding Work Health & Safety law, which is addressed by the Remuneration and Human Resources Committee;
- b) review and advise on the form of the certification letter to be received by the Board from the Chief Financial Officer ("CFO") and the Managing Director as to the financial statements of the Company and the systems behind them;
- c) receive reports relating to material breaches of law (suspected or actual) including fraud and theft;
- d) discuss with management and the external auditor any correspondence with regulatory or governmental bodies and any published reports which raise material issues regarding the Company's financial statements or accounting policies; and
- e) recommend to the Board and monitor, the Company's Whistleblower policy.

2.4 AUTHORITY AND RESOURCES OF THE AUDIT AND RISK COMMITTEE

The Committee must exercise its delegated powers in accordance with directives of the Board and it has authority to perform any function delegated to it by the Board. The Committee exercises its powers by a resolution correctly passed at a meeting of the Committee or by a written resolution signed by a majority of members.

The Committee may report and make recommendations to the Board in relation to any matter within its responsibilities.

The Board authorises the Audit and Risk Committee to:

- a) investigate any relevant matter brought to its attention;
- b) have access to and obtain any information or records that it requires from any employee or contractor of the Company in order to perform its responsibilities;
- c) obtain or retain independent, professional legal, accounting or other advice in order to perform its responsibilities including setting the terms of reference of such appointments;
- d) invite any advisor, contractor or employee of the Company to attend a meeting of the Committee, with or without management being present; and
- e) have direct access to independent auditors, company lawyers and tax and other financial advisers.

2.5 MEETINGS OF THE AUDIT AND RISK COMMITTEE

2.5.1 Number and notice of meetings

The Audit and Risk Committee will meet not less than four times each year and at such other times as any member of the Audit and Risk Committee shall request.

Unless otherwise agreed by all of the members of the Audit and Risk Committee, a notice of each meeting confirming the venue, time and date of the meeting together with an agenda of items to be discussed at the meeting will be sent to each member of the Audit and Risk Committee and any other person required to attend, no less than five business days prior to the date of the meeting.

2.5.2 Attendance at meetings

Subject to reasonable prior commitments, members of the Committee must be present at all Committee Meetings. The Managing Director, CFO or any other member of management must attend meetings of the Committee on request. All non-executive Directors who are not members of the Audit and Risk Committee are invited to attend the meetings as an observer.

2.5.3 Conflict of interest

At the start of each meeting or before the discussion of a relevant agenda item, Committee members must declare any conflict of interest. Details of any conflicts of interest should be appropriately minuted.

Where members or observers at Committee meetings are deemed to have a real or perceived conflict of interest it may be appropriate that they are excused from Committee deliberations on the item of business where a conflict exists.

2.5.4 Administrative procedures at meetings

The Company Secretary will take minutes of the proceedings and resolutions of all Audit and Risk Committee meetings, including the names of those in attendance. Minutes of the Audit and Risk Committee meetings will be circulated to all members of the Audit and Risk Committee. The Audit and Risk Committee will approve the minutes and they shall be included in the agenda papers for the following Board meeting.

Other procedural matters regarding meetings of the Audit and Risk Committee will be governed by the Constitution of the Company to the extent that it is applicable.

2.6 QUORUM

The quorum required for the transaction of business by the Audit and Risk Committee will be two members in person or by use of technology. A duly convened meeting of the Audit and Risk Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions exercisable by the Audit and Risk Committee.

Should the Committee Chair be absent from the meeting, the members of the Committee present at the meeting have the authority to choose one of their number to chair that particular meeting.

2.7 REPORTING

The Audit and Risk Committee will report to the Board of the Company on the proceedings of the Committee and all matters relevant to the Committee's role and responsibilities.

2.8 REVIEW OF PERFORMANCE

The Audit and Risk Committee will periodically review its performance and will review and assess the terms of this charter periodically and make any recommendations for changes to the Board of the Company.