

## **AUDIT COMMITTEE CHARTER**

### **1. MEMBERSHIP**

This charter governs the operations of the Audit Committee, if one is appointed. If none is appointed, the Board shall perform the function of the Audit Committee as set out herein.

The Audit Committee shall review and reassess the charter at least annually and obtain the approval of the Board.

Members of the Audit Committee will comprise at least three directors all of whom are non- executive directors and a majority of whom are independent directors. The members should have diverse, complementary backgrounds and all committee members shall be financially literate. Furthermore, at least one member shall have a reasonable level of accounting and/or related financial management expertise as determined by the Board.

The chairman of the Committee must not be the Chairman of the Company and must be an independent director.

A quorum for meetings of the Committee is two members.

### **2. OBJECTIVES**

The Committee's objectives are to:

- 2.1 Assist the Board to discharge its responsibilities to exercise due care, diligence and skill in relation to the Company's:
  - (a) reporting of financial information;
  - (b) application of accounting policies;
  - (c) corporate reporting processes;
  - (d) financial management;
  - (e) internal control systems;
  - (f) appointment and removal of the external auditor;
  - (g) decisions regarding:
    - (1) the fees payable to the auditor for audit and non-audit work;
    - (2) the scope and adequacy of the external audit;
    - (3) the independence and performance of the external auditor;
    - (4) the rotation of the audit engagement partner;
  - (h) risk management systems;
  - (i) business policies and practices;
  - (j) protection of the Company's assets; and
  - (k) compliance with applicable laws, regulations, standards and best practice guidelines.

- 2.2 Improve the credibility and objectivity of the accountability process, including financial reporting.
- 2.3 Provide a formal forum for communication between the Board and senior financial management.
- 2.4 Improve the effectiveness of the internal and external audit functions.
- 2.5 Facilitate the maintenance of the independence of the external auditor.
- 2.6 Foster an ethical culture throughout the Company.

### **3. RESPONSIBILITIES**

The Audit Committee is responsible for oversight of:

- the integrity of the financial statements and financial reporting systems;
- the external audit engagement, including the external auditor's qualifications, performance, independence and fees;
- performance of the internal audit function;
- financial and corporate reporting including an oversight of regulatory and statutory reporting requirements; and
- procedures for the receipt, retention and treatment of financial complaints, including accounting, internal controls or auditing matters, and the confidential reporting by employees of concerns regarding accounting or auditing matters.

The Audit Committee will also monitor, investigate and make recommendations to the Board with respect to the following:

#### **3.1 External Reporting**

- (a) Consider the appropriateness of the Company's accounting policies and principles and any changes, as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework.
- (b) Assess significant estimates and judgments in financial reports.
- (c) Review for completeness and accuracy the reporting of the Company's main corporate governance practices as required under ASX listing rules.
- (d) Ensure that a process is established by the Company's management to capture issues for the purpose of continuous disclosure to ASX.
- (e) Assess information from internal and external auditors that affects the quality of financial reports.
- (f) Recommend to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of

them.

### **3.2 Internal Control and Risk Management**

- (a) Assess internal processes for determining, managing and reporting on key risk areas.
- (b) Ensure that the Company has an effective risk management system and that macro risks to the Company are reported at least annually to the Board.
- (c) Address the effectiveness of the Company's internal control and risk management systems with management and internal and external auditors.
- (d) Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
- (e) Meet periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

### **3.3 External Audit**

- (a) Review on an annual basis the performance of the external auditor focussing particularly on:
  - (1) quality of the audit
  - (2) quality of the service provided
  - (3) independence;
- (b) Should a change in auditor be considered necessary, the Board will recommend a change in auditor to be approved by shareholders in a General Meeting.
- (c) Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the external auditor and the rotation of the external audit engagement partner.
- (d) Invite the external auditor to attend Committee meetings to, at least, review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment.
- (e) Together with the external auditors, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis.
- (f) Provide the opportunity for the Committee members to meet with the external auditors without management personnel being present.
- (g) Review the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations that may impair or appear to impair the external auditor's independence.

#### **4. ACCESS**

- 4.1 The Committee may review, discuss with management and the external auditor, and assess:
- (a) any significant financial reporting issues and judgments made in connection with the preparation of the financial reports;
  - (b) the processes used to monitor and comply with laws, regulations and other requirements relating to external reporting of financial and non-financial information;
  - (c) the major financial risk exposures; and
  - (d) the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the annual financial statements.
- 4.2 The Committee may invite any Executive Director, Officer, other staff member or external or internal auditor to attend all or part of a meeting of the Committee.
- 4.3 The Committee may consult independent experts and institute special investigations, if it considers it necessary in order to fulfil its responsibilities.

#### **5. MEETINGS**

- 5.1 The Committee meets no less than twice each year (prior to finalising the Company's half year and annual financial statements) and more frequently as required.
- 5.2 Any Committee member may call a meeting of the committee.