

Audit Committee Charter

Document Description

The Audit and Risk Committee assists the Board in monitoring and reviewing financial reporting and compliance, and overviews the Company's risk management.

Comprised of non-executive directors, who are independent. The Committee is Chaired by directors not including the Board Chair.

Role

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. The Committee also takes an oversight role of the Company's overall risk management.

This Charter defines the Audit and Risk Committee's function, composition, mode of operation, authority and responsibilities.

Composition

The Committee should comprise at least three members, although it may be convened with a lesser number where there are insufficient non-executive Directors.

All members of the Committee must be non-executive Directors, with a majority independent non-executive Directors. The Board will appoint members of the Committee.

The Board may remove and replace members of the Committee by resolution.

All members of the Committee must be able to read and understand financial statements.

The Chair of the Committee may not be the Chair of the Board and must be independent.

The external auditors, the other Directors, the Managing Director, Chief Financial Officer, Company Secretary and senior executives, may be invited to Committee meetings at the discretion of the Committee.

Purpose

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- a) the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- b) compliance with all applicable laws, regulations and company policy;
- c) the effectiveness and adequacy of internal control processes;
- d) the performance of the Company's external auditors and their appointment and removal;
- e) the independence of the external auditor and the rotation of the lead engagement partner; and
- f) an overview of the identification and management of business risks.

A secondary function of the Committee is to perform such special reviews or investigations as the Board may consider necessary.

Duties and Responsibilities of the Committee

REVIEW OF FINANCIAL REPORTS

Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.

Oversee the financial reports and the results of the external audits of those reports.

Assess whether external reporting is adequate for shareholder needs.

Assess management processes supporting external reporting.

Establish procedures for treatment of accounting complaints.

Review the impact of any proposed changes in accounting policies on the financial statements.

Review the quarterly, half yearly and annual results.

RELATIONSHIP WITH EXTERNAL AUDITORS

Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.

Review performance, succession plans and rotation of lead engagement partner.

Approve the external audit plan and fees proposed for audit work to be performed.

Discuss any necessary recommendations to the Board for the approval of quarterly, half yearly or annual reports.

Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation to those controls. Meet with the external auditors at least twice in each financial period without management being present and at any other time the Committee considers appropriate.

Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.

Ensure adequate disclosure of the Committee's approval of all non-audit services provided by the external auditor, and ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.

Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report.

INTERNAL AUDIT FUNCTION

Monitor the need for a formal internal audit function and its scope, and assess the performance and objectivity of any internal audit procedures that may be in place.

Review risk management and internal compliance procedures.

Monitor the quality of the accounting function.

RISK MANAGEMENT

Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.

Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

OTHER

The Committee will oversee the Company's environmental risk management and occupational health and safety processes.

The Committee will oversee procedures for whistle-blower protection. Monitor related party transactions.

Meetings

The Committee will meet at least quarterly and additionally as circumstances may require for it to undertake its role effectively.

Meetings are called by the Secretary as directed by the Board or at the request of the Chair of the Committee.

Meetings and subsequent approvals and recommendations may be implemented by a circular written resolution or conference call.

A quorum shall consist of three members of the Committee. In the absence of the Chair of the Committee or their nominees, the members shall elect one of their members as Chair of that meeting. Decisions will be based on the majority of votes with the Chair having a casting vote.

The Committee Chair, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next board meeting.

Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

Secretary

The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.

The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.

The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

Reliance on information or professional or expert advice

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- a) an employee of the Group whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;

- b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- c) another Director or officer of the Group in relation to matters within the Director's or officer's authority.

Access to Advice

Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be averse to the Company's interests.

Members of the Committee may meet with the auditors, both internal and external, without management being present.

Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chair. Any costs incurred because of the Committee consulting an independent expert will be borne by the Company.

Review of Charter

The Board will conduct an annual review of the Committee to ensure that the Committee has carried out its functions in an effective manner, and will update the Charter as required or because of new laws or regulations. The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.

Report to the Board

The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.

The Committee must brief the Board promptly on all urgent and significant matters.