
AUDIT COMMITTEE CHARTER

Composition of the Audit Committee

The Committee currently comprises the full Board.

It is expected that over time the Company will review the Committee structure such that it will consist of Non-Executive Directors (with a majority of independent Directors) one of whom will chair the Committee. However, at this stage it is not deemed to be practical for the Company.

At least one member is to have relevant qualifications, experience and shall be financially literate.

The Committee chair shall have leadership experience and a strong finance, accounting and/or business background.

Role of the Audit Committee

The Audit Committee shall provide assistance to the Board of directors in fulfilling its corporate governance and oversight responsibilities in relation to:

- (a) The adequacy of the Company's corporate reporting processes and internal control framework;
- (b) Monitor and review the integrity of the financial reporting of the Company, reviewing the appropriateness of significant financial reporting judgments;
- (c) Ensure that the Company's financial statements reflect a true and fair view of the financial position and performance of the Company;
- (d) Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- (e) Monitor, review and oversee the external audit function including matters concerning appointment, re-appointment or replacement and remuneration, independence and non-audit services;
- (f) Review and discuss ASX press releases, as well as financial information and earnings guidance, if applicable, provided to analysts and rating agencies; and
- (g) perform such other functions as assigned by law, the Company's Constitution, or the Board.

Operations

The Board meets as the Committee at least twice annually, with further meetings on an as required basis.

A separate independent Chair, if appropriate, other than the chair of the Board, may be elected to chair the meeting when the Board meets as the Audit Committee.

Minutes of all meetings of the Committee are to be kept. Committee meetings will be governed by the same rules, as set out in the Company's Constitution as they apply to the meetings of the Board.

Authority and Resources

The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

The Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.

The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities. The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

Secretary

The Company Secretary shall be the secretary of the Committee.

Responsibilities

Annual responsibilities of the Committee are as set out in the Audit Committee Charter – Annual Action Points (attached).

The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice.

AUDIT COMMITTEE CHARTER – ANNUAL ACTION POINTS

Financial Reporting and Internal Controls

- Review half-year, annual and, if applicable, quarterly financial statements
- Assess management's selection of accounting policies and principles
- Consider the external audit of the financial statements and the external auditor's report thereon including an assessment of whether external reporting is consistent with Committee members' information and knowledge
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised)
- Assess if the external auditors report is adequate for shareholder needs

Annual meeting with External Auditor

- Discuss the Company's choice of accounting policies and methods, and any recommended changes
- Discuss the adequacy and effectiveness of the Company's internal controls
- Discuss any significant findings and recommendations of the external auditor and management's response thereto
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information

External Auditor

- Review the Company's *Procedure for the Selection, Appointment and Rotation of External Auditor*
- Recommend to the Board to appoint and, if necessary, remove the external auditor and approve the terms on which the external auditor is engaged
- Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees
- Assess the overall performance of the external auditor

Internal Communications and Reporting

- Regularly update the Board about Committee activities and make appropriate recommendations
- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

Other

- Verify the membership of the Committee is in accordance with the Audit Committee Charter
- Review the independence of each Committee member based on the Company's *Policy on Assessing the Independence of Directors*
- Review and update the Audit Committee Charter and Action Points
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters and breaches of the Company's Code of Conduct.