

1. Purpose

- 1.1. The board of directors (“Board”) continuously reviews current trends and practice in relation to corporate governance. As part of the Board’s plans to fulfil its obligations in this area it has constituted an Audit and Risk Committee to ensure:
 - effective management of financial risks;
 - reliable management and financial reporting;
 - compliance with laws and regulations;
 - maintenance of an effective and efficient audit; and
 - oversight of effective risk management systems.
- 1.2. This charter sets out the specific responsibilities delegated by the Board to the Audit and Risk Committee and details the manner in which the Audit and Risk Committee will operate.

2. Composition

- 2.1. The Audit and Risk Committee will comprise all of the non-executive directors.
- 2.2. The Audit and Risk Committee may invite such other persons as it deems necessary.
- 2.3. Auditors shall normally make presentations to the Audit and Risk Committee at its meetings.
- 2.4. The chair of the Audit and Risk Committee will be nominated by the Board from time to time, and shall not be the chair of the board of directors.
- 2.5. The secretary of the Audit and Risk Committee shall be the secretary of the company or such other person as nominated by the Board.

3. Meetings

- 3.1. Meetings shall be held not less than twice a year. Special meetings of the Audit and Risk Committee may be convened as required. A quorum of any meeting shall be three members. The auditors may request a meeting if they consider that one is necessary.
- 3.2. The proceedings of all meetings will be minuted.
- 3.3. It is expected that regular reports will be received on matters to be defined by the Audit and Risk Committee but are likely to include:
 - compliance certificates;
 - security and fraud reports; and
 - audit reports.
- 3.4. At not less than once a year, the committee will have a closed door session with the auditors. The auditors will be expected to comment on any observations they have with regard to employees of the company.

4. Reporting

- 4.1. The Audit and Risk Committee should report to the board as necessary and at least once annually, summarising the activities of the Audit Committee during the previous financial year and its findings.
- 4.2. The chair of the committee shall give a verbal report to the board, at the board meeting next following a meeting of the committee, and all committee minutes are tabled at board meetings.

5. Responsibilities

Effective management of financial risks

- 5.1. To be constantly aware of the current areas of greatest financial risks and ensure management are effectively managing the risks.
- 5.2. To satisfy itself that effective systems of accounting and internal control are established and maintained to manage financial risk.
- 5.3. To satisfy itself as regards the integrity and prudence of management control systems, including the review of policies and/or practices.
- 5.4. To ensure that the Board is aware of any matters that might have a significant impact on the financial condition or affairs of the entity.

Reliable management and financial reporting

- 5.5. To review and assess the adequacy of management reporting to the Board in terms of the quantity, quality and timing of information necessary to understand and report internally and externally on the entity's risks, operations and financial condition.
- 5.6. To review the entity's accounting policies and practices in the light of the *Corporations Act 2001*, Australian Stock Exchange requirements and Australian equivalents to International Financial Reporting Standards.
- 5.7. To review the half-yearly and annual financial statements and any other financial information to be released to third parties before submission to the Board.

Compliance with laws and regulations

- 5.8. To monitor developments and changes in the law relating to the responsibilities and liabilities of directors and to monitor and review the extent to which the Board is meeting its obligations.
- 5.9. To monitor developments and changes in the various rules, regulations and laws which relate generally to the entity's business operations and to monitor and review the extent to which the entity is complying with such laws.

Maintenance of an effective and efficient audit

- 5.10. To recommend to the Board the appointment of the internal (if any) and external auditors.
- 5.11. To review the efficiency and effectiveness of both the internal (if any) and external auditors in relation to their respective responsibilities.
- 5.12. To review the independence of the external auditors.
- 5.13. To ensure there have been no unjustified restrictions or limitations placed on the auditors.
- 5.14. To ensure that the scope of the audit is adequate, ensuring emphasis is placed on areas where the Audit Committee, management or the auditors believe special attention is necessary.
- 5.15. To review and assess the findings of the internal and external auditors and the action taken and timetable proposed by management in response to the findings.

Oversight of effective risk management systems

- 5.16. To oversee the establishment and implementation by management (the risk management team) of risk management systems and reviewing the effectiveness of these systems.
- 5.17. To meet with representatives of the risk management team at least half yearly.
- 5.18. To review the adequacy of the company's "Risk management policy and framework" at least annually.

Other responsibilities

- 5.19. To report any matter identified during the course of carrying out its duties that the Audit and Risk Committee considers should be brought to the attention of the Board.
- 5.20. To perform or undertake on behalf of the Board any such other tasks or actions as the Board may from time to time authorise.

6. Authority

- 6.1. The Audit and Risk Committee may within the scope of its responsibilities:
 - seek any information it requires from:
 - any employee; and all employees are directed to co-operate with any request made by the Audit and Risk Committee
 - external parties;
 - obtain outside legal or other independent professional advice; and
 - ensure the attendance of external parties with relevant experience and expertise.