

AUDIT COMMITTEE CHARTER

1.0 Introduction

The Board has established an Audit Committee (“the Committee”) as part of its Corporate Governance Charter.

This paper provides an outline of the Committee’s charter and deals with the Committee’s role and operation. It is intended this Charter will be considered, amended and adopted by the Committee from time to time and approved by the Board.

2.0 Purpose of the Audit Committee

The Committee’s purpose is to provide assistance to the Board in fulfilling its corporate governance and monitoring responsibility in relation to the Group’s risks associated with the integrity of financial reporting, internal control systems and external audit functions. Broader risks as they impact on the Group will become the responsibility of the Committee as it becomes the Audit and Risk Management Committee.

3.0 Duties and Responsibilities

The Committee is specifically charged with the following duties and responsibilities:

3.1 Understanding the Business

Understanding the Group’s structure, controls and types of transactions in order to adequately assess the significant financial reporting issues faced by the Group.

3.2 Financial Reporting

To oversee the Group’s financial reporting process on behalf of the Board and report the results to the Board. Specifically, this includes:

- Liaising between the external Auditor, Management and the Board.
- Reviewing financial statements and any associated information prior to referral to the Board and the Chief Executive Officer for approval.
- Reviewing reports from the external Auditor or any internal review and ensuring that major deficiencies or breakdowns in controls or procedures have been identified, and that appropriate and prompt action is taken by Management.

- Reviewing the external Auditor's reports, management letters and debriefing memoranda to ensure action is taken by Management in respect of those reports so that there will be no significant issues raised in the external Auditor's opinion.
- Ensuring compliance with legislative ASX and regulatory requirements.

3.3 Assessment of Accounting, Financial and Internal Controls

The Committee will regularly assess, monitor and identify risks to the integrity of the financial reporting process. This assessment will be in conjunction with Management and the external Auditor or other external advisers and will include reviews of the adequacy and effectiveness of:

- Accounting and financial internal controls.
- Management information systems.
- Group policies and procedures.
- Accounting policies or methods.

3.4 External Auditor

The Committee will be directly responsible to the Board of Directors for:

- Recommendations with regard to appointment, reappointment or replacement of the external Auditor.
- Recommendations with regard to external Auditor remuneration.
- Monitoring the effectiveness of the external audit process.
- Monitoring the independence of the external Auditor.

3.5 Other

The Committee may conduct any special projects or investigations in consultation with, or at the request of the Board as deemed necessary.

4.0 Reporting

The Committee must keep the Board informed of its activities through the minutes of all of its meetings and formally advise the Board of any matters or recommendations requiring attention by the Board.

5.0 Membership

Subject to direction from the Board, the Committee will comprise the Non-Executive Directors:

- Committee Members shall serve at the will of the Board.
- A quorum shall be two (2) Committee Members.
- A representative of the external Auditor may be present by invitation but will not be a Committee Member.
- The Chief Financial Officer, or his or her representative, will attend meetings by invitation as required by the Committee.
- Other Members of the Board may attend Committee meetings.
- At least one (1) Committee Member will have accounting and/or related financial management expertise.

6.0 Authority and Access

The Committee has the authority of the Board to review any aspect or activity of the company and any of its controlled entities and associated companies and other investments.

The Committee will have direct access to both the external Auditor and to Senior Management.

The Committee is empowered to retain persons having particular skills and expertise to assist the Committee in fulfilling its responsibilities.

7.0 Meetings

The Committee will meet as often as is required to reasonably discharge its responsibilities and, preferably, to coincide with the completion of the annual and half yearly accounts.

The Committee anticipates meeting at least two times each year:

Planning stage: prior to the audit process commencing to discuss the audit approach, changes in accounting standards, risk areas identification, reporting timetables, fees etc. This is expected to occur in November and May each year.

Completion stage: to discuss any issues detected by the external Auditor and agree on appropriate action, the management letter and proposed audit opinion. The Committee will then make recommendations to the Board eg to sign the accounts as true and fair. This is expected to occur in February and August each year.

Monitoring stage: to consider the changes to relevant accounting standards, compliance with internal control systems, adequacy of management reporting, and in relation to its risk management role. It will also need to monitor its effectiveness as a committee.

Meetings will be convened by the Chairman of the Committee. For each meeting an agenda will be prepared and circulated to Committee Members and other Directors prior to the meeting.

Any Committee Member may request any item to be included on the agenda.

Any Member of the Committee, or the external Auditor, may request the Chairman to convene a meeting.

The meetings and proceedings of the Committee shall be governed by the provisions of the Constitution regulating meetings and proceedings of Directors, so far as these provisions are applicable.

Decisions will be determined by a majority vote, but the Chairperson will report the fact of any dissenting vote to the Board when reporting the decision to the Board.

The Chairperson will have a casting vote.

Minutes of each meeting shall be prepared by a nominated attendee and circulated to each Committee Member and Director and the external Auditor.

8.0 Self Assessment

The Committee shall assess its effectiveness periodically, with a view to ensuring that its performance accords with best practice. The Committee's Charter shall be reviewed annually and updated as required.