

## **AUDIT COMMITTEE CHARTER**

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### **1. COMPOSITION**

The Committee must comprise at least three members.

(a) [If Board composition allows] all members of the Committee must be non-executive Directors.

(b) [If Board composition allows] a majority of the members of the Committee must be independent non-executive Directors.

(c) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.

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

(e) The Chairman of the Committee must be independent, [and where Board composition allows should be someone other than the chairman of the board].

(f) The Chairman shall have leadership experience and a strong finance, accounting or business background.

(g) 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. The Audit Committee should be of sufficient size, independence and technical expertise to discharge its mandate effectively. Where practicable, executive directors will not be on the Audit Committee or if on the Audit Committee will have voting minority.

The Audit Committee will appoint a Secretary to the Committee.

### **2. ROLE**

The role of the Audit Committee is to safeguard the integrity of the Company's financial reporting and oversee the independence of the external auditors.

### **3. OPERATIONS**

The committee is to meet at least annually and otherwise as required. Minutes of all meetings of the committee are to be kept.

### **4. RESPONSIBILITIES**

The charter of the Audit Committee is to:

## AUDIT COMMITTEE CHARTER (Continued)

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- review the annual, half-year and concise (if any) financial reports and other financial information distributed externally, including new accounting policies to ensure compliance with International Accounting Standards and generally accepted accounting principles;
- monitor corporate risk assessment processes;
- consider whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor is to provide an annual declaration of independence;
- review the nomination and performance of the external auditor;
- monitor the establishment of appropriate ethical standards;
- monitor the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements;
- address any matters outstanding with auditors, Australian Taxation Office (ATO), Australian Securities and Investments Commission (ASIC), ASX Limited (ASX) and financial institutions;
- review the performance of the external auditors on an annual basis and meets with them during the year as follows:
  - to discuss the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
  - to review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings;
  - recommend Board approval of these documents and to finalise half-year and annual reporting;
- review the results and findings of the auditor, the adequacy of accounting and financial controls and to monitor the implementation of any recommendations made;
- review the draft financial report and recommend Board approval of the financial report;
- organise, review and report as required on any special reviews or investigations deemed necessary by the Board.

## **AUDIT COMMITTEE CHARTER (Continued)**

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### **5. EXTERNAL AUDITORS**

#### **Selection and appointment**

The Audit Committee will monitor the Company's External Auditors from year to year to ensure independence and quality of service. Any need for change would result in seeking proposals from suitably experienced firms.

#### **Rotation**

All external auditors will be required to comply with the rotation requirements outlined in the Corporations Act (No more than five straight years or five years in seven with a two year break).