



## Audit Committee Charter

### Audit Committee Charter

To assist in the execution of the Board's corporate governance responsibilities, the Board has established an audit committee. This charter governs the roles, responsibilities, composition and membership of the Audit Committee.

The Audit Committee comprises a minimum of two members, all of whom are non-executive directors. The Audit Committee must be chaired by an independent director and the Company Secretary acts as secretary of the Audit Committee. In case of an equality of votes upon any proposed resolution, the proposed resolution is to be taken to the Board for final determination.

Each member of the Committee must be able to read and understand financial statements. The Committee must also include at least 1 member who is a qualified accountant or other financial professional with experience in financial and accounting matters.

A quorum for Audit Committee meetings will be two members.

#### **Roles and responsibilities**

The purpose of the Audit Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by attending to the following:

- review interim and annual financial statements in conjunction with the auditors;
- overview the establishment and maintenance of a framework of risk management;
- monitor and review internal controls and ethical standards for the management of the Company;
- ensure accounting records are maintained in accordance with statutory and accounting standards requirements;
- monitor and review systems designed to ensure financial statements and other information provided is timely, reliable and accurate;
- review asset values to ensure they are appropriate and meet the requirements of the Corporations Act and relevant accounting standards;
- review the audit process with External Auditors to ensure full and frank discussion of audit issues in the absence of management;
- provide a link between the board and the External Auditors, reviewing, on a half and full year basis, the financial results, tax returns and report to the board on findings prior to publication and release to the market;
- review and evaluate the performance, independence and effectiveness of the External Auditors and the audit fee arrangements; and
- select and appoint the External Auditor based on the company's requirements for audit services and ensure compliance with external auditor partner rotation in accordance with Corporations Act requirements.

The Committee has unrestricted access to management, external auditors and all Company records for the purpose of carrying out its responsibilities under this Charter. The Committee has the power to engage independent experts it requires to help it fulfil its duties. Costs associated with this will be borne by the Company.



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### **Audit Independence**

The purpose of an independent statutory audit is to provide shareholders with reliable and clear financial reports on which to base investment decisions. In order to seek to ensure that this purpose is achieved, the Board has implemented the following framework:

- the Board is responsible to approve the appointment and require the removal where necessary of the External Auditor;
- the External Auditor is required to rotate the senior audit partner for the Company at least every five years;
- the External Auditor may, at the discretion of the Committee, be invited to attend any Audit Committee meeting;
- the External Auditor has the right to meet separately with the members of the Audit Committee, if this is considered appropriate by the Chairman;
- the External Auditor will report to the Audit Committee as to how the Company's accounting practices and reporting procedures compare to best practice;
- the Company requires the External Auditor to provide suitable qualified personnel to ensure an effective audit. The External Auditor should provide audit personnel who are appropriately trained, capable of meeting technical standards, able to maintain confidentiality and behave in a professional manner at all times;
- the Audit Committee will require the External Auditor to confirm annually that it has complied with all professional regulations relating to External Auditor independence.;
- the Company requires its External Auditor to maintain quality control processes whereby all key accounting decisions are reached after appropriate consultation with technical and subject matter experts within the firm;
- as a matter of principle and sound corporate governance, the Audit Committee will require the External Auditor to annually provide assurance that total fees received by the External Auditor from the Company do not have a material impact on its operations or financial condition;

### **Meetings**

The Audit Committee shall meet as frequently as its members may require but must, at a minimum meet 3 times per year. Management may attend meetings of the Committee by invitation.

### **Reporting to the Board**

The Audit Committee must report to the Board at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Audit Committee meeting, the outcomes of the Audit Committee's reviews and recommendations and any other relevant issues.

The minutes of the Committee meetings will be included in the papers for the next full Board meeting subsequent to each Committee meeting.

### **Restrictions on Work by External Auditor**

The following services by the External Auditor are prohibited to ensure that the independence of the External Auditor is not affected by conflicts. An External Auditor may not:

- be required to audit their own work;
- participate in activities that would normally be undertaken by senior management;
- be remunerated through a "success fee" structure; or
- act in an advocacy role for the Company.



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### **Restrictions on Work by External Auditor (continued)**

The External Auditor is permitted to provide non-audit services that are not perceived to be in conflict with auditor independence, including tax advice services. The approval framework requires the Managing Director's approval for all assignments. All assignments are reported to the Audit Committee.. Notwithstanding the restrictions outlined above, the Board has the right to request the External Auditor to carry out a specific assignment, if it is determined by the Board that it would be in the best interest of the shareholders and the Company.

An External Auditor will not normally provide the following services:

- bookkeeping or other services relating to accounting records or design and implementation of financial information systems;
- appraisal or valuation of fairness opinions (relating to audit work);
- advice on deal structuring that may be subject to audit;
- advice on corporate strategy together with assistance in related documentation;
- actuarial advisory services;
- executive recruitment services or extensive human resource function;
- acting as broker-dealer, promoter or underwriter;
- provision of legal services; or
- internal audit services.

The Audit Committee will ensure that:

- the audit partners and any audit firm employee performing an audit of the Company are prohibited from being a director or an officer of the Company;
- the immediate family members of the audit firm partners and any audit firm employee involved in the audit of the Company are prohibited from being a director or an officer in a significant position at the Company until the lapse of a "cooling off" period of at least three years and after the three years "cooling off" period, can have no continuing financial relationship with the audit firm;
- a former audit firm partner is prohibited from being a director or an officer in a significant position at the Company until the lapse of a "cooling off" period of at least three years and after the three years "cooling off" period, can have no continuing financial relationship with the audit firm; and
- the audit firm, its partners and its employees on the audit of the Company, and their immediate family members are prohibited from having direct or materially indirect investments in the Company.

### **Review of the charter**

This charter shall be a living document and revised by the Board as required.