

POLICY 3 AUDIT AND RISK COMMITTEE CHARTER

1 ROLE

The Company is not one of the S&P All Ordinaries Top 300 Companies and as such is exempt under ASX Listing Rule 12.7 from maintaining an Audit Committee and thus compliance with Recommendation 4.1.

- (a) Given the current size and scale of operations of the Company, the board as a whole The following functions (normally carried out by an Audit and Risk Committee) are being managed by the by the Board as a whole; the integrity of the company's financial reporting and compliance; and
- (b) the oversight of material business risks, including the review and approval of the risk management and oversight policies of the company.

This Charter defines the Audit and Risk Committee's ("Committee") function, composition, mode of operation, authority and responsibilities.

2 COMPOSITION

- 2.1 The Committee will be the full board as a whole.
- 2.2 The Committee will comprise of at least one member who must be a qualified accountant or other financial professional with experience in financial and accounting matters.
- 2.3 The external auditors, external risk management professionals, the other Directors, the Chief Executive Officer, Chief Financial Officer, Company Secretary and other senior Company executives, may be invited to make informal presentations at the discretion of the board.

3 PURPOSE

- 3.1 The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:
 - 3.1.1 the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
 - 3.1.2 compliance with all applicable laws, regulations and company policy;
 - 3.1.3 the effectiveness and adequacy of internal control processes;
 - 3.1.4 the performance of the Company's external auditors and their appointment and removal;
 - 3.1.5 the independence of the external auditor and the rotation of the lead engagement partner; and
 - 3.1.6 the identification and management of business risks.

4 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Audit and Risk Committee shall address those matters relevant to the committee's duties and responsibilities.

4.1 Review of Financial Reports

- 4.1.1 review the half yearly and annual financial statements.
- 4.1.2 an assessment of whether external financial reporting is consistent with committee members information and knowledge and is adequate for shareholders needs.
- 4.1.3 receipt of assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that they have provided a declaration in accordance with section 295A of the Corporations Act and that it is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- 4.1.4 an assessment of the management processes supporting external reporting.
- 4.1.5 review the impact of any proposed changes in accounting policies on the financial statements.
- 4.1.6 review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- 4.1.7 review the results of the external audits of half yearly and annual financial statements.

4.2 Risk Management and Internal Control systems

Risk management is the culture, processes and structures that are directed towards taking advantage of potential opportunities whilst managing potential adverse effects.

The committee is charged with the oversight of the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.

- 4.2.1 The committee shall, at a minimum on an annual basis report to the board the adequacy of policies in place for the oversight and management of material business risk, included in the submission shall be:
 - 4.2.1.1 an assessment as to the adequacy of managements report to the committee on its risk management oversight process, including managements effective adherence to the company's risk management policies
 - 4.2.1.2 a summary of the risk management policies;
 - 4.2.1.3 an assessment as to whether or not the committee is satisfied that the policies are adequate for the risk profile of the company and that they adequately describe all elements of risk management and internal control systems

4.3 External Auditors

- 4.3.1 Document procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.
- 4.3.2 an assessment of the performance and independence of the external auditors. Where the external auditor provided non-audit services, the report to the board must state whether the audit committee is satisfied that provisions of these services has not compromised the auditors independence.
- 4.3.3 Meet with the external auditors as required without management being present, as the Committee considers appropriate.
- 4.3.4 Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- 4.3.5 Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- 4.3.6 Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act and with ASX requirements.

4.4 Internal Audit Function

- 4.4.1 Monitor the need for a formal internal audit function and its scope.
- 4.4.2 An assessment of the performance and objectivity of the internal audit function (if any).
- 4.4.3 Recommendations for the appointment or, if necessary, the dismissal of the head internal auditor (if any).

4.5 Other

- 4.5.1 The Committee will oversee the Company's environmental risk management and occupational health and safety processes.
- 4.5.2 The Committee will oversee procedures for whistleblower protection.
- 4.5.3 Monitor compliance of all Directors and Executives.
- 4.5.4 As contemplated by the Corporate Governance Guidelines of ASX, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the Company's "Code of Conduct". Any such waiver or deviation will be promptly disclosed where required by applicable law.
- 4.5.5 Monitor related party transactions.

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5 RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- 7.1.1 an employee of the Group whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- 7.1.2 a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- 7.1.3 another Director or officer of the Group in relation to matters within the Director's or officer's authority.

6 ACCESS TO ADVICE

- 6.1 Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- 6.2 Members of the Committee may meet with the auditors, both internal and external, without management being present.
- 6.3 Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chairman. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

7 REVIEW OF CHARTER

- 7.1 The Board will conduct an annual review of the membership to ensure that the Audit and Risk functions are being effectively managed, and will update the Charter as required or as a result of new laws or regulations.
- 7.2 The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.

8 REPORT TO THE BOARD

The Committee is by default the Board.