



## **Audit and Risk Management Committee Charter**

### **1 Purpose**

The purpose of the Audit Committee is to:

- Provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities, as well as advise on the modification and maintenance of the Company's financial reporting, internal control structure, risk management systems, external audit functions, and appropriate ethical standards for the management of the Company;
- Provide a formal forum for communication between the Board, auditors and management;
- Improve the effectiveness of the external audit function and the communication between the Board and the external auditors and evaluate the independence of the auditors; and
- Review the processes in place for the identification, management and reporting of business risk and review the findings reported.

### **2 Membership**

The Committee shall be:

- Comprised of the full Board given the Company's current status;
- Members shall be both executive and non-executive directors and financially literate;
- The Chairman of the Committee shall have leadership experience and strong finance, accounting and business background; and
- The Company Secretary shall be appointed secretary of the Committee.

The Audit Committee shall comprise of the following members:

- Mr Stephen Everett
- Mr Alec Pismiris
- Mr Mark Savich

Mr Alec Pismiris is appointed as the Chairman of the Committee.

### **3 Meetings**

The Committee shall meet at least twice a year (immediately prior to the completion of the annual report and the half-yearly report) with the auditors and appropriate members of management. The purpose of these meetings shall be to:

- a) Review and if necessary have input into external audit plans;
- b) Review and approve the annual and half-year financial reports;
- c) Update the external audit plans; and
- d) Review the risk management procedures implemented by management.

The Committee may also meet in private session as and when required to assess management's effectiveness.

A notice of each meeting confirming the date, time and venue together with the agenda and Committee papers shall be forwarded to each member of the Committee at least three business days prior to the date of the meeting.

A quorum shall comprise any two Committee members. In the absence of the Committee Chairman, the members shall elect one of their number as Chairman for that meeting.

Given the current composition of the Board and the scale of the activities of the Company, the full board is currently undertaking the below responsibilities.

#### **4 Responsibilities**

The Committee shall consider any matters relating to the financial affairs, corporate governance and external audit of the Company and its controlled entities that it considers necessary. The Committee shall ensure it understands the Company's structure, controls and types of transactions in order to adequately assess the significant risks faced by the Company in the current environment.

The role of the Committee is as follows:

##### ***4.1 Financial Reporting***

- Review annual and half-yearly financial statements and other financial information distributed externally;
- Review significant accounting policies applied in financial reporting to ensure appropriateness for the organisation and compliance with accounting standards; and
- Monitor the procedures in place to ensure that the Company is in compliance with all legislative reporting requirements.

##### ***4.2 Assessment of accounting, financial and internal controls***

- Review the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, report and manage business risk;
- Oversee risk management strategies in relation to currency hedging, debt management, capital management, cash management, investments and insurance; and
- Review declarations from management on compliance with statutory responsibilities.

##### ***4.3 Risk Management***

- Responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control; and
- In consultation with the external auditor reviewing the need for an internal audit function. The Committee will determine the extent the external auditor has reviewed the internal controls of the Company and the appropriateness of this review as to whether there is a need for an internal control function.

##### ***4.4 Audit***

- Make recommendations to the Board on the appointment, reappointment or replacement of the external auditor;
- Approve the audit fee and terms of engagement of the external auditors;

- Review external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management; and
- Review the performance and independence of the external auditor.

## **5 Authority**

The Audit Committee shall have the authority to seek any information it requires from any officer or employee of the Company and such officers or employees shall be instructed by the Board to respond to such enquiries. The Committee is authorised to take such independent professional advice as it considers necessary.

## **6 Reporting**

The Chairman of the Audit Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of the Board.

## **7 Performance**

The Board will assess the performance of the Committee on an annual basis.