

# AUDIT AND RISK COMMITTEE CHARTER

Having regard to the size and intended operations of the Company, it has been determined the function of the Audit and Risk Committee is the responsibility of the Board, which will carry out this function in accordance with this Charter.

This position (and potential establishment of an Audit and Risk Committee) is to be reviewed periodically.

## **Constitution**

When applicable, the Audit and Risk Committee will be established by resolution of the Board. Until such time a Committee is constituted, the full Board of the Company will act in its place.

## **Membership**

The Audit and Risk Committee will consist of at least two independent Non-Executive Directors and such other members so that overall Audit and Risk Committee comprises:

- at least one member who understands the industry in which the Company operates; and
- members who can read and understand financial statements and are otherwise financially literate.

The Board may appoint one member of Senior Executive Management to be a member of the Committee if they deem that their expertise is crucial in adding value to the Committee.

## **Chair**

The full Board will nominate the Chair of the Committee, who shall be an independent Non- Executive Director where possible.

## **Secretary**

The Company Secretary will be the Secretary of the Audit and Risk Committee.

## **Other Attendees**

The CEO/Managing Director and CFO, as well as other members of Senior Management, may be invited to be present for all or part of the meetings of the Audit and Risk Committee, but will not be members of the Committee.

Representatives of the external Auditor are invited to attend the Audit and Risk Committee at least twice each year; once about the half year financial statements and once about the full year financial statements.

## **Quorum**

A quorum will be two members (two Directors if committee constituted by the Board).

## **Meetings**

Audit and Risk Committee Meetings will be held not less than four times a year to enable the Committee to undertake its role effectively. In addition, the Chair is required to call a meeting of the Audit and Risk Committee if requested to do so by any member of the Audit and Risk Committee, the CEO/Managing Director or the external Auditor.

## **Authority**

The Audit and Risk Committee is authorised by the Board to investigate any activity within its charter. The Audit and Risk Committee will have access to Management and Auditors and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit and Risk Committee.

The Audit and Risk Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit and Risk Committee is required to make recommendations to the Board on all matters within the Audit and Risk Committee's Charter.

## **Reporting Procedures**

The Audit and Risk Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chair of the Audit and Risk Committee and circulated to the Board with the Board Papers for the next Board Meeting. The minutes are to be tabled at the Board meeting following the Audit and Risk Committee meeting along with any recommendations of the Committee.

## **Responsibilities of the Audit and Risk Committee**

The Audit and Risk Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external Auditors. The Audit and Risk Committee has the following duties:

## **Accounting Practices and External Reporting**

### *Financial Statements*

- To review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
  - asset carrying values and impairment testing;
  - going concern considerations;
  - compliance with accounting policies and standards; and
  - compliance with legal requirements.
- To review the evaluation by management of factors related to the independence of the Company's public accountant and to assist them in the preservation of such independence.
- To oversee management's appointment of the company's public accountant.

### *Related Party Transactions*

To monitor and review the propriety of any related party transactions.

### *External Audit Function*

- To recommend to the Board the appointment of the external Auditor;
- To meet privately with the external Auditor on at least an annual basis;
- Each year, to review the appointment of the external Auditor, their independence, the audit fee, and any questions of resignation or dismissal;

- To discuss with the external Auditor before the audit commences the nature and scope of the audit, and to ensure coordination between staff and external Auditor;
- To determine that no management restrictions are being placed upon external Auditor;
- To discuss problems and reservations arising from the interim and final audits, and any matters the Auditors may wish to discuss (in the absence of management where necessary);
- To review the external Auditor's Management Letter and Management's response; and
- To review any regulatory reports on the Company's operations and Management's response.

#### *Communication*

- Providing, through regular meetings, a forum for communication between the Board, Senior Financial Management, staff involved in internal control procedures and the external Auditors;
- Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the public; and
- Establishing procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously.

#### **Assessment of Effectiveness**

To evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with operating Management, internal Auditors and the External Auditors.

#### **Oversight of the Risk Management System**

- To review at least twice annually the Company's risk management systems to ensure that risks relevant to achieving the Company's strategic, business and reputational objectives are appropriately informed to the board.
- Meet periodically with key Management, internal staff and external Auditors to understand and discuss the Company's control environment.
- Assess the internal processes for determining and managing key risk areas, including:
  - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations law;
  - the Company's insurance program;
  - litigation and claims; and
  - relevant business risks other than those that are dealt with by other specific committees.
- To evaluate the Company's exposure to fraud;
- To take an active interest in ethical considerations regarding the Company's policies and practices;
- To monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;
- To identify and direct any special projects or investigations deemed necessary;
- To ensure the appropriate engagement, employment and deployment of all employees under statutory obligations;
- To ensure a safe working culture is sustained in the workforce;
- To determine the Company's Risk Profile describing the material risks, including both financial and non-financial matters, facing the company; and
- To regularly review and update the Risk Profile.