
AUDIT COMMITTEE CHARTER

1 INTRODUCTION

- 1.1 The purpose of the Audit Committee is to assist the Board of Directors to meet its responsibilities to shareholders by reviewing the integrity of the Company's financial statements and monitoring internal control policies and procedures designed to safeguard Company assets
- 1.2 The primary role of the Committee is to assist the Board in fulfilling its responsibilities in relation to the Company's corporate governance objectives by fulfilment of its responsibilities relating to accounting and legal compliance by:
- Maintaining effective internal and supervisory control procedures.
 - Identifying and managing business risks.
 - Submitting and reviewing reports for Management, the Board and other external bodies.
 - Ensuring the independence and effectiveness of the external auditor and in particular related to the production of quarterly, half-yearly and annual reports to shareholders and to ASX. In addition, the Committee reviews the nomination, appointment and performance of the auditor. Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partners.
 - Overseeing compliance with relevant laws and regulations and in particular the Corporations Act and the Listing Rules.
 - Ensuring the consistency and appropriateness of accounting policies and procedures and any amendments thereto.
 - Adhering to ethical standards, and in particular conflict of interest matters and related party transactions.
 - These duties of the Audit Committee have been explained below at 3.4
- 1.3 It is the responsibility of the Committee to maintain free and open communication between the Committee, the external auditor and Executive Management.

2. AUDIT COMMITTEE COMPOSITION

- 2.1 The Audit Committee shall be comprised of:
- (a) at least three directors,
 - (b) a majority of independent non-executive directors without any conflict of interest that would materially interfere with the director's performance and effectiveness as a member of the Committee;
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- (c) all members of the Committee shall have experience in dealing with accounting and financial matters; and
- (d) at least one member shall have formal accounting qualifications and relevant management experience.

The members of the Audit Committee are:

- Malcolm Hancock (Chairman)
- Pieter Greeff
- Michael Bogue

Considering the size, composition and skill set of the Board, at present, this composition of the committee is considered appropriate by the Board. As the Company appoints more non-executive directors, the Board will consider reconstituting the committee to comply with the ASX Principle 4.

- 2.2 The Chairman of the of the committee is to be an independent non-executive director and is to be appointed by the Board (but is not to be the Chairman of the Board).
- 2.3 The Audit Committee has direct access to management and external auditors and meets periodically with the external auditors to assess and review internal controls and matters relating to corporate governance, the truthful and accurate reporting of the Company's financial position.
- 2.5 The Committee may seek the counsel of an expert for independent legal, accounting or professional advice or assistance, at the reasonable expense of the Company. Such advice or assistance is to be requested via the Chairman.

3. AUDIT COMMITTEE MEETINGS

- 3.1 The Committee shall meet at least two times annually or more frequently if required.
- 3.2 The quorum necessary for the transaction of business shall be 2 members.
- 3.3 The Committee will meet the External Auditor at least twice per annum without management being present, and will meet periodically with management (without the External Auditor being present) as part of its internal control review function.
- 3.4 Any director of the Company may attend any Audit Committee meeting. Other persons considered appropriate, for instance the external auditor or senior executives, may also be invited to attend Audit Committee meetings as required.
- 3.5 Minutes of each meeting and records of any Committee reports or recommendations will be kept and will be included in the papers for the next Board Meeting.

4. AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES

To meet its responsibilities and duties the Audit Committee shall:

4.1 Financial and Risk Management

- Review with management and the external auditor the draft annual and the half-year financial statements and recommend to the Board whether or not the accounts should be adopted.
- Discuss with the auditor and with management any significant issues arising from the preparation of the Company accounts or financial statements including selection and application of accounting standards, changes in standards, policies or principles adopted and matters related to materiality.
- Discuss with management and the external auditors the appropriateness of the Company's accounting policies as applied in its financial reporting.
- Seek information from management and the external auditors on any issues regarding the Company's internal controls and actions required or taken to remedy or compensate for any deficiencies. Review the external auditors report regarding significant findings in the conduct of their audit and the adequacy of management's response.
- Identify, monitor & manage risks by ensuring risk management controls are in place such that the objectives can still be met. Review with management and the external auditor the Company's major financial and business risk exposures and assess action steps proposed to mitigate such exposures.
- Review with management the Company's disclosures in the annual accounts, ASX reporting and accompanying statements prior to approval and release by the Board.

4.2 Appointment and Monitoring of External Audit Activity

- Recommend to the Board regarding the appointment of the external auditor, the fee structure and the approval of all payments for fees, disbursements and compensation made to the auditor. The external auditor shall report directly to the Committee.
- Review the independence of the audit including all financial and business relationships between the Company and the external auditor or the auditor's associates.
- Approve all non-audit services performed for the Company by the external auditors. A summary of such services for each quarter and year-to-date is to be reviewed by the Chair of the Audit Committee.
- Review the performance of the external auditors.
- Conduct at least two meetings per annum with the external auditor without management being present to seek advice on the effectiveness of internal controls, the appropriateness of accounting policies and procedures within the Company and the performance of the Company management in the production of timely, true and fair information regarding the financial position and trading results of the Company.

4.3 COMPLIANCE OVERSIGHT RESPONSIBILITIES

- Review with management, the Company Secretary, the external auditor and external legal advisors the Company's compliance with applicable laws and regulations, and in particular the Corporations Act and the ASX Listing Rules.

- Review records of notified insider trading and related party transactions.
- Review with management the instances of non-compliance with the Company's Code of Conduct and Ethics and review actions taken to correct, remedy or compensate for such breaches.
- Review with management and the Company Secretary any correspondence from or to individual shareholders and actions planned or taken as a consequence of such correspondence.
- Discuss with management any correspondence with regulators or government agencies regarding the Company's obligations or compliance with applicable laws and regulations together with any actions planned or taken in relation to such matters.

4.4 Audit Committee Reporting

- Provide a written report to the Board containing:
 - An assessment of the appropriateness and effectiveness of systems and procedures, adequacy of internal controls, accounting policies and procedures and accuracy and adequacy of external reporting.
 - An assessment of the effectiveness and independence of the external audit function and an assessment of the impact of any non-audit services being performed by the appointed external auditor or the auditor's associates.
 - The results of a review of business and financial risks and the actions and controls in place to address and mitigate such risks.
 - Recommendations related to the appointment or replacement of the external auditor.

4.5 Review of Effectiveness

In line with Principle 2, the Committee shall annually review its own performance, role and responsibilities to determine whether it is functioning effectively by reference to its charter and current market practices. In addition, the Committee shall seek and receive advice for this review from the external auditor, management and directors who are not members of the Committee.

5. GOVERNANCE AND INDEPENDENCE OF THE AUDIT

- 5.1 As part of the Company's commitment to safeguarding integrity in financial reporting, procedures have been put in place to ensuring the independence and effectiveness of the external auditor. This applies particularly to the production of quarterly, half-yearly and annual reports to shareholders and to ASX.
- 5.2 In addition, the Committee reviews the nomination and performance of the auditor. Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further the successful candidate must have arrangement in place for the rotation of the audit engagement partner on a regular basis. Other than the aforesaid mandatory criteria, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

- 5.3 The external auditor will also be provided with the opportunity, at their request, to meet with the Board of directors without management being present.
- 5.4 The external auditors attend, and are available to answer questions at, the Company's annual general meetings.

6. RISK IDENTIFICATION AND MANAGEMENT

- 6.1 The Company has developed policies and procedures to identify, manage and monitor business risks, and has ensured that its management and reporting systems contain risk management controls. These include:
- a formal planning process of preparing and annually reviewing strategic plans for all parts of the group;
 - annual budgeting and monthly reporting systems for all businesses, to enable progress to be evaluated against performance targets, and trends to be identified;
 - guidelines and limits for capital expenditure and investment approval;
 - due diligence procedures for acquisitions and divestments;
 - policies and procedures to manage financial risk, including treasury operations such as exposure to movements in interest rates;
 - a comprehensive insurance programme including external risk management surveys;
 - a regulatory compliance programme supported by approved guidelines and standards covering such key areas as disclosure, legal and insurance;
 - directors' financial due diligence questionnaires;
 - risk assessment and management systems for all service delivery activities in the group.
- 6.2 Management is responsible to the Board for the Company's system of internal control and risk management and the management reports to the Board as regards the effectiveness of the management of material business risks. The Audit Committee assists the Board in monitoring this role.

The Audit Committee will primarily address these responsibilities by adhering to the requirements of this charter. This Charter shall be reviewed at least annually.

