

AUDIT COMMITTEE TERMS OF REFERENCE

Purpose

The primary purpose of the Audit Committee is to assist the Board discharge its responsibility in the following areas:

- ensuring the Company adopts, maintains and applies appropriate accounting and financial reporting processes and procedures;
- facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- ensuring the Company maintains effective risk management and internal control systems.

Membership

- The Audit Committee shall comprise not less than three members.
- All members shall be independent Non-Executive Directors who possess the requisite qualifications and financial literacy.
- The Chief Executive Officer/President, Chief Financial Officer and other Executives shall be invited to attend meetings at the Committee's discretion.
- The external auditors and other external experts shall be invited to attend meetings at the Committee's discretion.

Chairperson

- The Chairperson of the Audit Committee shall be an independent Non-Executive Director. The Chairperson of the Board shall not be the Chairperson of the Audit Committee.
- The Chairperson of the Audit Committee is responsible for planning and conducting meetings.
- The Chairperson of the Audit Committee shall report significant findings and recommendations of the Committee to the Board after each Committee meeting.

Secretary

- The Company Secretary shall be appointed Secretary of the Committee.
- The Secretary, in conjunction with the Chairperson, shall draw up an agenda, which shall be circulated, to the members of the Committee and the external auditors.

Meetings

- Meetings shall be held at least four times a year.
- The quorum of the meeting shall be a minimum of two.
- The minutes of all Committee meetings shall be circulated to members of the Board.
- The Chairperson will call a meeting of the Audit Committee if so requested by any Committee member, the Chief Financial Officer or the external auditors.
- The Chief Financial Officer and the external auditors shall be given notice of all meetings and have the right to attend and speak if it is the desire of the Committee.

Authority

- The Audit Committee shall have the authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board to respond to such enquiries.
- The Audit Committee shall have the authority to seek any information it requires from the internal and external auditors without the presence of management.
- The Audit Committee is authorised to take such independent professional advice as it considers necessary.
- The Audit Committee has no executive powers with regards to its findings and recommendations.

Responsibilities

The responsibilities of the Audit Committee shall include, but are not limited to the following:

1. Financial Reporting

- Reviewing financial statements and other financial information distributed externally;
- Monitoring the procedures in place to ensure the Company is in compliance with the Corporations Act, ASX Listing Rules and other legislative and reporting requirements;
- Reviewing related party transactions and considering the adequacy of disclosure of those transactions in the financial statements; and
- Reviewing reports on the Company's superannuation plan and compliance with relevant laws and regulations.

2. Risk Management and Internal Control

- Monitoring risk assessment and the internal controls instituted;
- Reviewing risk management practices, including the use of and the extent of derivatives and foreign exchange cover;
- Monitoring the establishment of an appropriate internal control framework, including information systems and considering enhancements;
- Reviewing external audit reports and, where major deficiencies or breakdowns in controls or procedures have been identified, monitoring remedial action taken by management to ensure such action is appropriate and prompt;

- Reviewing reports on any major defalcations, frauds and thefts from the Company;
- Initiating and supervising special investigations;
- Reviewing reports on the adequacy of insurance coverage; and
- Reviewing transfer pricing arrangements.

3. External Auditors

- Overseeing the selection and appointment of the external auditors including reviewing the nominations for external auditors and assessing the performance of the incumbent external auditors;
- Liaising with the external auditors and ensuring the annual and half-year statutory audits and reviews are conducted in an effective manner;
- Approving audit fees;
- Reviewing matters relating to auditor independence; and
- Ensuring the rotation of the audit partner every 5 years.

4. Internal Audit

- Reviewing the internal audit plan for adequacy; and
- Reviewing internal audit reports.

5. Corporate Governance Compliance

- Ensuring that a corporate Code of Business Conduct is established and periodically reviewed;
- Reviewing policies on sensitive issues or practices such as environmental issues;
- Reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between the Company and members of management and Company Directors; and
- Reviewing the Audit Committee Terms of Reference.

6. Reporting to the Board

- Ensuring that all matters relevant to the Audit Committee's roles and responsibilities are reported to the Board.

Review of Committee Performance

The Committee will annually review its performance and make recommendations to the Board for improving the effectiveness of the Committee.

CURRENT MEMBERSHIP

Chairperson: Mrs Yasmin Allen

Non-Executive Directors: Mr Andrew Denver
Mr Roderic Holliday-Smith
Mr Donal O'Dwyer

Secretary: Mr Neville Mitchell