

Audit and Risk Committee Charter

1. Composition of the Audit and Risk Committee

The Committee shall comprise of the Executive Chairman and a non-executive director as approved by the Board.

At least one member is to have significant, recent and relevant financial experience.

2. Role of the Audit and Risk Committee

The role of the Audit and Risk Committee is to:

- a) monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- b) review the Company's internal financial control system and, risk management systems;
- c) monitor and review the effectiveness of the Company's internal audit function (if any); and
- d) perform such other functions as assigned by law, the Company's constitution, or the Board.

Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to this charter in order to facilitate the decision making by the Board.

3. Operations

The committee meets at least once every quarter, with further meetings on an as required basis;

Minutes of all meetings of the committee are to be kept. Committee meetings will be governed by the same rules, as set out in the Company constitution as they apply to the meetings of the Board.

Relevant members of management and the external auditor may be invited to attend meetings.

The committee shall meet with the external auditor without management present, as required.

4. Authority and Resources

The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

The Committee will have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee will have the

authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

5. Reporting to the Shareholders

The directors' reports are to contain a separate section that describes the role of the committee and what action it has taken.

The chairperson of the audit committee is to be present at the annual general meeting to answer questions, through the chairperson of the Board.

6. Responsibilities

The Audit and Risk Committee shall:

- (i) evaluate the internal control environment;
- (ii) oversee and appraise the coverage and quality of the audits conducted by the Company's internal and external auditors;
- (ii) oversee and appraise the adequacy and quality of the Company's process for recognising, managing and monitoring risks associated with its operations and conduct of its business activities;
- (iii) maintain open lines of communications among the Board, the internal auditors and the external auditors to exchange views and information, as well as confirm the auditors respective authority and responsibilities;
- (iv) serve as an independent and objective party to review the financial information presented by management to shareholders, analysts and the general public;
- (v) oversee and appraise the framework for managing compliance with the Corporations Act, ASX Listing Rules (if applicable) and any other applicable requirements;
- (vi) consider any other matters referred to it by the board.

The Specific duties of the Audit Committee shall be:

Internal Control

Evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.

Evaluate the Company's exposure to fraud.

Gain an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management within the appropriate timeframe.

Financial Accounting Compliance

Evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with management, internal auditors and external auditors.

Require reports from management, the internal auditors and external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Company's financial reporting process.

Evaluate the adequacy of the Company's management information and accounting control system by reviewing written reports from the internal and external auditors, and monitor management's responses and actions to correct any noted deficiencies.

Monitor the standard of corporate conduct in areas such as arms-length dealing and potential conflicts of interest.

External Reporting

Review all financial reports and any correspondence regarding the Company's financial reporting or related matters prior to public release. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Gain an understanding of the current areas of the greatest financial risk and how management is managing these effectively.

Review the Annual and half-year financial statements (if applicable) with the relevant parties and the external auditor and recommend acceptance to the Board with particular reference to:

- (i) the nature and impact of any changes to accounting policies and practices;
- (ii) outstanding contingent liabilities, including existing and potential legal actions against the Company, its controlled entities or its Board;
- (iii) significant adjustments resulting from the audit;
- (iv) compliance with accounting standards and the Corporations Act, ASX Listing Rules (if applicable) and other legislative and reporting requirements.

Review the other sections of the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the Company and its operations

External Audit

Recommend to the Board annually or as otherwise determined by the Board, the appointment of external auditors.

Discuss problems and reservations arising before the interim and final results, and any matters the external auditor may wish to discuss. The Audit and Risk Committee, or the Chairman of the Committee, may meet with the external auditors, in the absence of management as requested by either the Committee or the external auditors.

Review reports prepared by external audit and management's response. Review all representation letters signed by management and be satisfied that the information provided is complete and appropriate.

Periodically assess the external auditor's independence by considering the relationships and services provided by the external auditors and others that may lead to actual or perceived lack of independence.

The Audit and Risk Committee will require the external auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence prior to the announcement of the results for each period.

The Audit and Risk Committee will recommend to the Board, on a totally transparent basis, the appropriate disclosure in the financial statements of the details of fees paid to the external auditors.

Internal Audit

Recommend to the Board the appointment of the internal auditor, with internal auditor reporting directly to the Chairman of the Audit and Risk Committee.

Review the activities and resources of the internal audit function and ensure no unjustified restrictions or limitations are made.

Ensure coordination between the internal and external auditors and management.

Monitor the progress of the internal audit program and, together with any additional investigative reviews, consider the implications for the control environment. Meet separately with the internal auditor to discuss any matters that the committee or the internal auditor believe should be discussed privately.

Risk Management

Oversee and appraise the adequacy and quality of the Company's process for recognizing, managing and monitoring risks associated with its operations and conduct of its business activities.

Receive and endorse a quarterly update from management (or as deemed necessary by the Committee) on the status of the risk management policy employed by the Company.

Identify significant business risks and review the major risks affecting each business segment and develop strategies to mitigate these risks.

Review at least annually the Company's risk management framework.

Review the insurance program at least annually.

Compliance

Review the framework for identifying, monitoring and managing compliance with laws and regulations.

Obtain regular updates from management in relation to compliance with significant statutory requirements.

Other Responsibilities

Review and monitor the governance and audit frameworks for all business interests of the Company and its controlled entities.

Review and monitor related party transactions.

Perform other oversight functions as requested by the Board.

Identify and direct any special projects or investigations deemed necessary.

7. Reporting

The Committee shall:

- (i) update the Board about Committee activities and make appropriate recommendations; and
- (ii) ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

8. Reviews

The Audit and Risk Committee will review its performance on an annual basis. The Audit and Risk Committee should also review this charter and its composition annually to ensure that it remains consistent with the Board's objectives and responsibilities.