



Section C – Audit Committee Charter

C.1 Committee Members

- (a) The Board has established an Audit Committee. The Audit Committee is to consist of the following:
- (1) Only non-executive Directors;
 - (2) An Independent Chairperson; and
 - (3) Three members - where there are not three or more non-executive Directors of the Company, the Board may appoint executive Directors to the Committee.
- (b) Each member of the Audit Committee is to be financially literate and at least one member of the Committee is to have accounting or related financial management experience.
- (c) The initial members of the Audit Committee are:
- David Graham (Chairperson)
- Ray Shaw
Robert Johansen.

The company secretary and representatives of the auditors may be invited to form part of the Audit Committee from time to time.

C.2 Purpose

- (a) The Audit Committee Charter (the **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Audit Committee of the Company.
- (b) Key features of the Charter will be outlined in the Annual Report. The Charter is available to shareholders of the Company upon request.

C.3 Definition and Objectives of the Committee

- (a) The Audit Committee (**Committee**) is a Committee of the Board.
- (b) The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:
- (1) ensuring that the quality of financial controls is appropriate for the business of the Company;
 - (2) reviewing the scope and results of external and internal audits;
 - (3) monitoring corporate conduct and business ethics, including Auditor Independence and ongoing compliance with laws and regulations;
 - (4) maintaining open lines of communication between the Board, management and the external auditors, thus enabling information and points of view to be freely exchanged;
 - (5) reviewing matters of significance affecting the financial welfare of the Company;
 - (6) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;



- (7) reviewing the Company's internal financial control system;
 - (8) considering the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
 - (9) monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements; and
 - (10) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm.
- (c) Membership of the Committee will be disclosed in the Annual Report.

C.4 Reporting

- (a) Proceedings of all meetings are minuted and signed by the Chairperson.
- (b) The Committee, through its Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting. Minutes of all Committee meetings are to be circulated to the Board. The report should include but is not limited to:
- (1) the minutes of the Committee and any formal resolutions;
 - (2) information about the Audit process including the results of internal and external audits;
 - (3) an assessment of:
 - (A) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and
 - (B) the management processes supporting external reporting;
 - (4) procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;
 - (5) recommendations for the appointment or removal of an auditor;
 - (6) any determination by the Committee relating to the independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
 - (7) assessment of the performance and objectivity of the internal audit function;
 - (8) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and
 - (9) the results of any formal review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter, or a statement to the effect that no review was undertaken and reasons as to why.
- (c) In addition, the Chairperson of the Committee must submit an annual report to the Board (at the Board meeting at which the year end financial statements are approved) summarising the Committee's activities during the year. The report (and where appropriate, any interim report) must include:



- (1) a summary of the Committee's main authority, responsibilities and duties;
- (2) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;
- (3) member and related party dealings with the Company;
- (4) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
- (5) explanation of any departures from best practice Recommendations 4.1, 4.2, 4.3 or 4.4 of the *Corporate Governance Principles and Recommendations*;
- (6) details of any change to the Independent status of each member during the relevant period, if applicable; and
- (7) details of any determination by the Audit Committee regarding the external auditor's independence.

C.5 Attendance at Meetings

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Board Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.
- (b) Notwithstanding clause C.4(a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

C.6 Access

- (a) The Committee shall have unlimited access to the external and internal auditors, and to senior management of the Company and any subsidiary. The Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any officer of employee of the Company and such officers or employees shall be instructed by the Board to co-operate fully in provision of such information.
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

C.7 Application of Standing Rules

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.