

## 1. Purpose and Objectives

The Committee will assist the board in fulfilling its oversight responsibilities of the financial reporting process, the system of internal controls and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the board of directors, management and external auditors.

## 2. Composition of the Audit and Risk Committee

- a) Committee to include at least three members, all of whom are non-executive directors and a majority of whom are independent directors.
- b) Committee to be chaired by an independent director, who is not the chair of the Board.
- c) At least one member to have significant, recent, and relevant financial experience.

## 3. Role of the Audit and Risk Committee

### 3.1 Financial Reporting

To monitor the integrity of the financial statements of the Company, and to review significant financial reporting judgments. This includes understanding the areas of greatest financial risk and how they are being managed, reviewing the impact of any legal matters on the financial statements, and considering whether the contents of the Annual Report are consistent with their understanding of the company and its operations. The role of the Committee is also to review and make recommendations to the board in relation to whether the company's financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the company.

### 3.2 Internal Control

To review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems; gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

### 3.3 External Audit

To make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

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 partner on a regular basis.

Other than the mandatory criteria mentioned above, 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. In addition, the committee should:

- a) review the external auditors proposed audit scope and approach to ensure no unjustified restrictions or limitations are placed on that scope;
- b) monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements; and
- c) develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.

### 3.4 Risk Management

The Committee shall:

- a) monitor management's performance against the company's risk management framework, including whether it is operating within the risk appetite set by the board;
- b) review any material incident involving fraud or a breakdown of the company's risk controls and the "lessons learned";
- c) receive any reports from internal audit on its reviews of the adequacy of the company's processes for managing risk;
- d) receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks; and
- e) oversee the company's insurance program, having regard to the company's business and the insurable risks associated with its business.

### 3.5 Other responsibilities

The committee should:

- a) regularly update the Board about Audit and Risk Committee activities, and ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

- b) review and update the Audit and Risk Committee Charter, and, if necessary, institute special investigations.

#### **4. Operations**

- a) The Committee meets at least twice a year, with further meetings on an as required basis.
- b) Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken to be given at each subsequent meeting of the full Board of directors.
- c) 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.

#### **5. Resources**

The Company should 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.

#### **6. Reporting to the Shareholders**

- a) The directors' report to is to contain a separate section that describes the role of the Committee and what action it has taken.
- b) The chairman of the Audit and Risk Committee is to be present at the AGM to answer questions, through the chairman of the Board.