

Corporate Governance Practices (continued)

3. Audit Committee Charter

The Audit Committee shall consist of at least three non-executive directors with the appropriate financial expertise and working knowledge of the industries in which the Company operates. The Chairman of the Committee shall be a different person to the Chairman of the Board. The Committee makes recommendations to the Board.

The main responsibilities of the Audit Committee are to:

- Review, assess and approve the annual report, the half-year financial report and all other financial information published by the Company or released to the market.
- Assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations.
 - reliability of financial reporting.
 - compliance with applicable laws and regulations.
- Oversee the effective operation of the risk management framework.
- Recommend to the Board the appointment, removal and remuneration of the external auditors and review the terms of their engagement, the scope and quality of the audit and assess performance.
- Consider the independence and competence of the external auditor on an ongoing basis.
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence.
- Review and monitor related party transactions and assess their propriety.
- Oversee the Company's transition to Australian equivalents to international financial reporting standards (AIFRS).
- Report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the Audit Committee will:

- Receive regular reports from management and the external auditors.
- Meet with the external auditors at least twice a year or more frequently if necessary.
- Require the Managing Director and Chief Financial Officer to state in writing to the Board on a six monthly basis that:
 - the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the financial year comply with accounting standards and present a true and fair view of the Company's financial position and operational results; and
 - the above statement is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Corporate Governance Practices (continued)

3. Audit Committee Charter (continued)

- Review the processes the Managing Director and Chief Financial Officer have in place to support their certifications to the Board.
- Review any significant disagreements between the auditors and management, irrespective of whether they have been resolved.
- Meet separately with the external auditors at least twice a year without the presence of management.
- Provide the external auditors with a clear line of direct communication at any time to either the Chairman of the Audit Committee or the Chairman of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.