
AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

ORGANISATION

This charter governs the operations of the Audit and Risk Management Committee. The Committee shall review and reassess the charter at least annually and obtain the approval of the Board of Directors.

MEMBERSHIP

The Committee is to include at least three members, the majority of which are to be independent non-executive Directors. The Chair of the Committee is not to be Chair of the Board. The members shall be appointed by the Board of Directors and shall comprise at least two non-executive Directors that have diverse, complementary backgrounds, and are independent of management and the Company. In addition, the Committee chair shall have leadership experience and strong finance, accounting and/or business background. All Committee members shall be financially literate, or become financially literate within a reasonable period of time after appointment. Furthermore, at least one member shall have a reasonable level of accounting and/or related financial management expertise as determined by the Board of Directors.

Members of the Committee shall be considered independent so long as they do not have any relationship with the Company that may interfere with the exercise of independent judgement. This means that they should meet the definition of what constitutes an ‘independent director’ in the Investment and Financial Services Association’s, *Corporate Governance: A Guide for Fund Managers and Corporations* (December 2002).

MEETINGS

The Committee shall meet at least two times each year. In particular the Committee should meet before the completion of the half yearly and annual accounts with the auditors and appropriate members of management. The purpose of these meetings shall be to:

- a) Review and if necessary have input into external audit plans.
- b) Review and approve the half-year financial report.
- c) Update the external audit plans.
- d) Review and approve the annual financial report.

Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken or recommended to be given at each subsequent meeting of the full Board. Committee meetings will be governed by the same rules as set out in the Company’s Constitution as they apply to the meetings of the Board.

Furthermore, the Committee shall meet in private session as and when required to assess management’s effectiveness.

PURPOSE

Audit

The Audit and Risk Management Committee shall provide assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibilities, as well as advise on the modification and maintenance of the company's financial reporting, internal control structure, risk management systems, external audit functions, and appropriate ethical standards for the management of the Company. A further purpose of the Committee is to check the ongoing independence of the auditors. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, external auditors and management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

Risk Management

The Committee is responsible for identifying and controlling risks to ensure that they do not have a negative impact on the Company.

DUTIES AND RESPONSIBILITIES

Understanding the business

The Committee shall ensure it understands the Company's structure, controls, and types of transactions in order to adequately assess the significant risks faced by the Company in the current environment.

Financial reporting

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board.

Whilst the Audit and Risk Management Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits.

The Board of Directors is responsible for the Company's financial reports including the appropriateness of the accounting policies and principles that are used by the Company. The external auditors are responsible for auditing the Company's financial reports and for reviewing the Company's unaudited interim financial reports.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate 'tone' for quality financial reporting, sound business risk practices, and ethical behaviour. The following shall be the principal duties and responsibilities of the Audit and Risk Management Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

Assessment of accounting, financial and internal controls

The Committee shall discuss with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs with the objective of recommending enhancements and improving the quality of the accounting function. Any opinion obtained from the external auditors on the Company's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method.

The Committee shall meet separately and periodically with management, and the external auditors to discuss issues and concerns warranting Committee attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. The Committee shall provide sufficient opportunity for the external auditors to meet privately with the members of the Committee. The Committee shall review with the external auditor any audit problems or difficulties and management's response. Further, the Committee shall review audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management.

The Committee shall receive regular reports from the external auditor on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

Appointment of external auditors

The Committee shall be directly responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting. In assessing which external audit firm is to be engaged, factors such as reputation, knowledge of industry, resources, commitment and value added benefits to the Company should be considered. Further, if it is deemed necessary based on a lack of actual or perceived independence, the Committee shall request for the rotation of external audit engagement partners.

The Committee, Committee member or delegated senior member of management shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company.

Assessment of the external audit

The Committee, at least on an annual basis, shall obtain and review a report by the external auditors describing (or meet, discuss and document the following with them):

- The audit firm's internal quality control procedures;
- Any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- All relationships between the external auditor and the Company (to assess the auditor's independence).

Independence of the external auditors

The Committee shall review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company.

Scope of the external audit

The Committee shall discuss with the external auditors the overall scope of the external audit, including identified risk areas, significant problems that may be foreseen and any additional agreed-upon procedures. The Committee should also discuss the impact of any proposed changes in accounting policies on the financial statements and review the nature and impact of any changes in accounting policies adopted by the entity during the year.

In addition, the Committee shall also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level. Further, the Committee shall liaise with the external auditors to ensure their approach to the review/audit of the annual and half-year statutory accounts are conducted in an effective manner.

Communications with stakeholders

The Committee shall be responsible for monitoring compliance with the Corporations Act and ASX Listing Rules.

The Committee shall review the half-year financial report and the preliminary final report prior to the filing of these with the ASX. The Committee is responsible for making the necessary recommendation to the Board for the approval of these documents. Also, the Committee shall discuss the results of the half-year review and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards. The Chair of the Committee may represent the entire Committee for the purposes of this review.

The Committee shall review all representation letters signed by management including the declaration from the Finance Director on compliance with statutory responsibilities to ensure that the information provided is complete and appropriate. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards.

The Committee is responsible for reviewing the draft financial statements and the audit report and to make the necessary recommendation to the Board for approval of the financial statements.

The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee shall receive corporate legal reports of evidence of a material violation of the Corporations Act, the ASX Listing Rules or breaches of fiduciary duty. The Committee is responsible for reviewing reports on any major defalcations, frauds and thefts from the company.

Risk Management

The Committee is to oversee risk management strategies in relation to gold and currency hedging, debt management, capital management, cash management, investments and insurance. Procedures have been established at the Board and senior management levels which are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting. Refer to the Risk Management and Internal Control Policy for more details.

Crisis Management

The Committee is also to oversee the crisis management strategies for each of the operations and head office.

Other duties

The Committee is responsible for organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.