



AUDIT AND COMPLIANCE COMMITTEE CHARTER

The Board of Directors has established a committee of the Board to be known as the Audit and Compliance Committee comprising the following members:

P.W. Stancliffe (Chairman)
R.B. Flynn
G.G. Hill

1 Purpose

The purpose of the Committee is to assist the Board of Directors in the discharge of its responsibilities and to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information issued by the entity.

The Committee will achieve this by undertaking the following activities:

- reviewing financial statements and other financial information distributed externally;
- monitoring the adequacy of risk management systems in light of changing regulatory and operating environments;
- monitoring the establishment of an appropriate internal control framework;
- monitoring procedures in place to ensure compliance with statutory responsibilities and other external reporting requirements;
- monitoring the activities of the internal audit department;
- liaising with external auditors; and
- undertaking such other tasks as nominated by the Board.

2 Membership

All members will be members of the Board of Directors. All members shall be non-executive directors and a quorum will be two.

The Group Managing Director, Finance Director and external and internal auditors shall be invited to attend Committee meetings.

Members of the Committee shall be appointed for an initial three-year term of office after which their appointment may be subject to annual rotation.

3 Secretarial and meetings

The *Internal Auditor* shall act as Secretary of the Committee. The Secretary, in conjunction with the Chairman, shall draw up an agenda that shall be circulated at least one week prior to each meeting to the members of the Committee and the invitees.

The Secretary shall keep minutes of each meeting that shall be signed by the Chairman as a true and correct record of the matters discussed at each meeting.

The Chairman will call a meeting of the Committee if so requested by any Committee member, the Finance Director, or the internal or external auditors.

The Committee shall meet at least four times each year.

The Chairman of the Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of the Board. A copy of the minutes shall also be made available to the invitees.

4 Powers

The Committee shall have the authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries. The Committee is authorised to take such independent professional advice as it considers necessary.

The Committee shall have no executive powers with regard to its findings and recommendations.

The Committee shall review the Audit and Compliance Committee Charter annually with recommendations for modifications made as required.

5 Duties and responsibilities

The Committee shall consider any matters relating to the financial affairs of the Company and its controlled entities and to internal and external audit that it considers necessary. In addition, the Committee shall examine any other matters referred to it by the Board.

The duties of the Committee are as follows:

5.1 Financial information

- reviewing financial statements and other financial information distributed externally;
- reviewing with management the “Discussion and Analysis” section of the Annual and Half-Year Report to Shareholders, including the Corporate Governance Statement;
- reviewing with management and the external auditor all significant issues concerning litigation, contingencies, claims or assessments and all material accounting issues that require disclosure in the financial reports;
- reviewing related party transactions and considering the adequacy of disclosure of those transactions in the financial reports;

5.2 *Compliance*

- monitoring corporate risk assessment;
- monitoring the establishment of an appropriate internal control framework, including information systems, and considering enhancements;
- reviewing management's evaluation of the adequacy of the internal control framework;
- reviewing internal and external 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;
- monitoring the procedures in place to ensure that the Group is in compliance with the Corporations Law, Stock Exchange Listing Rules and other legislative and reporting requirements;
- reviewing reports on any major defalcations, frauds and thefts from the Group and monitoring procedures that ensure the risk of fraud is minimised;
- reviewing the declaration from the Company Secretary on compliance with statutory responsibilities;
- ensuring that a corporate Code of Conduct is established and periodically reviewed;
- initiating and supervising special investigations;
- reviewing risk management practices;
- reviewing policies on sensitive issues or practices such as environmental issues and safety requirements;
- receiving reports and recommending actions to be taken by the Board where appropriate on ensuring that the Company meets all legal requirements from time to time relative to:
 - environmental conditions;
 - safety in the work place;
- reviewing significant transactions which are not a normal part of the Group's business;
- reviewing reports on the adequacy of insurance coverage;

5.3 *Internal audit*

- involvement in the selection and ratification of the appointment of the Internal Audit Manager;

- reviewing and approving the planned scope of the internal audit program, its objectives, and staff required to attain these objectives;
- monitoring the progress of the internal audit program and considering the implications of the findings on the control environment;
- reviewing the working relationship between the internal auditor and external auditors;

5.4 *External auditors*

- reviewing the nomination and performance of the external auditors;
- reviewing and approving the annual audit scope and fees of the external auditors;
- reviewing the independence of the external auditors and management's evaluation of this independence;
- liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner;
- monitoring management's cooperation with the external auditors; and
- discussing with the external auditors the adequacy of the internal control structure and accounting principles and policies when compared to its industry in general.