

Audit Committee Charter

1. OVERALL PURPOSE / OBJECTIVES

The Audit Committee will assist the Board in fulfilling its overseeing and reviewing responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks, and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board of directors, management, and the internal and external auditors. To perform his or her role effectively, each committee member will obtain an understanding of the detailed responsibilities of committee membership as well as the Company's business, operations and risks.

2. AUTHORITY

The Board authorises the Audit Committee, within the scope of its responsibilities, to:

- Seek any information it requires from:
 - Any employee (and all employees are directed to co-operate with any request made by the Audit Committee); and
 - External parties;
- Obtain outside legal or other professional advice; and
- Ensure the attendance of Company officers at meetings as appropriate.

3. ORGANISATION

Membership

- 3.1 The Audit Committee will comprise at least two members, all of which will be non-executive directors.
 - 3.2 Each member should be capable of making a valuable contribution to the committee.
 - 3.3 The majority of members should be independent of management.
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- 3.4 The chairman of the Audit Committee will be nominated by the Board from time to time and shall not be the chairperson of the Board.
- 3.5 The composition of the Audit Committee will be reviewed annually.
- 3.6 A quorum for any meeting will be two members.
- 3.7 The secretary of the Audit Committee will be the Company Secretary, or such other person as nominated by the Company Secretary.

Attendance at Meetings

- 3.8 The Audit Committee may invite such other persons (e.g. the MD, CEO, CFO.) to its meetings, as it deems necessary.
- 3.9 The external auditors should be invited to make presentations to the Audit Committee as appropriate.
- 3.10 Meetings shall be held not less than two times a year. Special meetings may be convened as required. The external auditors may convene a meeting if they consider that it is necessary.
- 3.11 The proceedings of all meetings will be minuted.

ROLES AND RESPONSIBILITIES

The Audit Committee will:

Internal Control

- 4.1 Evaluate whether management is setting the appropriate “control culture” by communicating the importance of internal financial controls and the management of financial risk and ensuring that all employees have an understanding of their roles and responsibilities.
- 4.2 Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a system breakdown.
- 4.3 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

Financial Reporting

a) General

- 4.4 Gain an understanding of the current areas of greatest financial risk and how management is managing these effectively.
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- 4.5 Consider with the external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues.
- 4.6 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 4.7 Ask management and the external auditors about significant risks and exposures and the plans to minimise such risks.
- 4.8 Review any legal matters which could significantly impact the financial statements.

b) Annual Financial Statements

- 4.9 Review the annual financial statements and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles.
- 4.10 Pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures.
- 4.11 Focus on judgmental areas, for example those involving valuation of assets and liabilities; depreciation and amortisation rates, product or environment liability; litigation provisions, and other commitments and contingencies.
- 4.12 Meet with management and the external auditors to review the financial statements and the results of the audit.
- 4.13 Review the other sections of the annual report before its release and consider whether the information is understandable and consistent with members knowledge and the Company and its operations.
- 4.14 Obtain representation from the CEO and CFO on the financial statements presented to the committee.

c) Preliminary Announcements, Interim Financial Statements and Analysts' Briefings

- 4.15 Be briefed on how management develops preliminary announcements, interim financial information and analysts' briefings; and the extent to which the external auditors review such information.
 - 4.16 Assess the fairness of the preliminary and interim statements and disclosures, and obtain explanations from management and the external auditors on whether:
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- actual financial results for the interim period varied significantly from budgeted or projected results;
- changes in financial ratios and relationships in the interim financial statements are consistent with changes in the Company's operations and financing practices
- generally accepted accounting principles have been consistently applied;
- there are any actual or proposed changes in accounting or financial reporting practices;
- there are any significant or unusual events or transactions;
- the Company's financial controls are functioning effectively;
- the preliminary announcements and interim financial statements contain adequate and appropriate disclosures.

External Audit

- 4.17 Review the external auditors' proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope.
 - 4.18 Review the performance of the external auditors.
 - 4.19 Consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the Company.
 - 4.20 Make recommendations to the Board regarding the reappointment of the external auditors.
 - 4.21 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
 - 4.22 Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
 - 4.23 Ensure that management responds to recommendations by the external auditors.
 - 4.24 Set clear hiring policies for the former employees of the external auditor to prevent perceived impairment of the external auditors judgement or independence.
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Reporting Responsibilities

- 4.25 Regularly update the Board about committee activities and make appropriate recommendations.
- 4.26 Ensure the Board is aware of matters which may significantly impact the financial conditions or affairs of the business.

Other Responsibilities

- 4.27 Perform other oversight functions as requested by the full Board.
- 4.28 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 4.29 Review and update the charter annually; receive approval of changes from the Board.
- 4.30 Evaluate the committee's own performance on a regular basis.

Adopted by the Board of Directors on the 3rd August 2007

Ted Ellyard
Chairman
