

Audit Committee Charter

Adopted by the Board 20 September 2022

Composition

The Members of the Audit Committee (“the Committee”) are¹:

Mark Elliott (Chair)

George Lloyd

Gerard King

At least one Member of the Audit Committee is to have relevant qualifications and experience.

Non-Board Members may be invited to attend Meetings of the Committee should it be considered appropriate.

Role of the Committee

The Role of the Committee is to:

1. Monitor and review the integrity of the financial reporting of the Company, in particular significant financial reporting judgments;
2. Monitor, review, and oversee the external audit function including matters concerning appointment and remuneration, independence, and non-audit services;
3. Monitor and review compliance with the Code of Conduct; and
4. Perform such other functions as assigned by law or the Constitution of the Company.

Operations

The Committee shall consider audit matters at least half-yearly and otherwise as required.

Minutes of the Committee are to be kept by the Company Secretary.

Authority and Resources

The Committee may seek provision of educational information on accounting policies and other financial topics relevant to the Company to assist in fulfilling their duties.

Further, the Committee may seek explanations and additional information from the external Audit Firm or Audit Company (“**Auditor**”), without management present, when required.

When considered necessary or appropriate, the Committee may conduct or authorise investigations and may retain independent legal, accounting, or other advisors.

Reporting to the Board and Shareholders

To assist the Board to carry out the audit function, the Committee, will compile a report to the Board, **at least annually**, on the following matters:

1. Assessment of whether external reporting is consistent with the Directors' information and knowledge and is adequate for Shareholder needs;
2. Assessment of the management processes supporting external reporting;
3. Procedures for the selection and appointment of the Auditor and for the rotation of Audit Engagement Partners;
4. Recommendations for the appointment or, if necessary, the change or removal of the Auditor;
5. Assessment of the performance and independence of the Auditor.

¹ Corporate Governance Policies and Recommendations:

Principal 4 | Recommendation 4.1(a)

The Audit Committee:

(i) should have at least three Members, all of whom are **Non-Executive Directors** and a **majority** of whom are **Independent Directors**; and

(ii) is chaired by an **Independent Director**, who is **not** the Chair of the Board.

6. Where the Auditor provides non-audit services, whether the Committee is satisfied that provision of those services does not compromise the independence of the Auditor; and
7. The results of the review of the Risk Management Framework and Internal Control Systems, including consideration of whether the Company has a material exposure to any particular risks.

Responsibilities

Annual Action Points

Financial Reporting and Internal Controls

1. Review Half-Year, Annual and Quarterly Financial Statements.
2. Assess Management's selection of accounting policies and principles.
3. Consider the audit of the financial statements and the Auditor's Report thereon including an assessment of whether it is consistent with the Director's information and knowledge.
4. Consider internal controls including the Company's Policies and Procedures to assess, monitor and manage financial and other business risks particularly and the Risk Management Framework and systems of the Company generally.
5. Assess if the Auditor's Report is adequate for Security Holder needs.

Annual Meeting with Auditor

1. The purpose of this Meeting is to evaluate and discuss:
 - (a) The choice of accounting policies and methods, and any recommended changes;
 - (b) The adequacy and effectiveness of internal controls;
 - (c) Any significant findings and recommendations of the Auditor and the response of management to those findings and recommendations; and
 - (d) Any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information.
 - (e) Review the procedures regarding the external Auditor;
 - (f) Subject to approval of the Board and the **Australian Securities and Investments Commission** ("ASIC"), appoint, and, if necessary, change or remove the Auditor and approve the terms under which the Auditor is engaged;
 - (g) Establish or review permissible services that the Auditor may perform and approve all audit and non-audit services prior to commencement;
 - (h) Confirm the independence of the external Auditor, including reviewing the non-audit services and related fees provided by the Auditor;
 - (i) Assess the overall performance of the Auditor; and
 - (j) Ensure the Auditor attends each Annual General Meeting in order to answer questions in relation to the audit from Shareholders.

Other

1. Verify that the function of the Committee is in accordance with this Charter;
2. Review the independence of each Board member in accordance with the policy as set out in the Board Charter;
3. Review and update the Committee Charter and Action Points, at least annually; and
4. Develop, review, and monitor procedures for dealing with complaints or employee concerns received by the Company regarding accounting, internal accounting controls and audit matters and breaches of the Code of Conduct.

Procedure – Appointment of Auditor

Introduction

1. The first Auditor of a public company is appointed by the Directors. This appointment is then approved by Shareholders at the next Annual General Meeting.
2. The Committee conducts the selection process and recommends a preferred Auditor to the Board.
3. The Board may endorse the Auditor recommended by the Committee and:
 - (a) In the case of the initial appointment - appoint the Auditor to hold office until the next Annual General Meeting of the Company, at which Meeting the Shareholders will be asked to approve the appointment; or
 - (b) In the case of appointment of a replacement Auditor - arrange for a resolution to be put to Shareholders at the next Annual General Meeting.
4. The Board is not under any obligation to accept the recommendation of the Committee and may wish to review that recommendation.
5. At the request of the Committee, the Chief Financial Officer (“CFO”) and/or Chief Executive Officer (“CEO”) may assist the Committee in the selection and appointment process of the Auditor.

Change of Auditor:

Tender

1. If the Committee elects to undertake a tender process, the CFO and/or CEO, together with the Company Secretary, will prepare a draft Request for Submissions that will be reviewed by the Committee and then submitted to the Board for approval.
2. The request should contain sufficient information to enable a proposal and fee estimate to be given to the Company, and should include information about the Company and its:
 - (a) Operations;
 - (b) Key personnel;
 - (c) Structure;
 - (d) Financial information; and
 - (e) Any other relevant information as determined by the Committee.
3. The CFO and/or CEO will arrange for candidates to meet with the Committee, together with any other person the Committee considers appropriate to assist it to assess the suitability of the candidate, as the Auditor.

Selection Criteria

The preferred Auditor should best satisfy the following selection criteria:

1. **Fees**

A candidate must provide a firm fee quotation for its Audit Services.
2. **Independence**
 - (a) A candidate must satisfy the Committee that it is **independent** and outline the procedures it has in place to maintain that independence.
 - (b) In monitoring Auditor independence, the Committee will have regard to the following principles:
 - (i) The number of former employees of the Auditor who were involved in an Audit and who are currently employed in Senior Financial Positions by the Company; and
 - (ii) Assess whether this impairs or appears to impair the Auditor’s judgement or independence in respect of the Company;
 - (iii) Any member of an Audit Team who was engaged by the Auditor and participated in an audit shall be precluded from employment as CFO or CEO of the Company for a period of at least 12 months from the time of completion of that audit; and
 - (iv) Consider whether taken as a whole, the various relationships between the Company and the external Auditor and the economic importance² to the Auditor, impair or appear to impair the Auditor’s judgement or independence in respect of the Company.

² **Economic importance:**

Value of fees paid to the Auditor for the audit as well as fees paid to that Auditor for the provision of any non-audit services

3. **Scope of Audit and Resolution of Issues**

- (a) A candidate must outline in the response to the **Request for Submissions**, any proposed procedures to address any issue of material significance or matter of disagreement with employees of the Company.
- (b) The Auditor and the CFO will be required to disclose to the Committee all such issues of material significance and all matters of disagreement, whether resolved or unresolved.

4. **Non-Audit Services**

- (a) A candidate must detail in the response to the **Request for Submissions**, its approach to the provision of non-audit related services to the Company.
- (b) The Committee must consider the circumstances under which the Company may use the Auditor for non-audit services.
- (c) Matters to be considered include:
 - (i) The extent, scope, and potential value of non-audit fees; and
 - (ii) Any circumstance where the Auditor may be required to review and rely upon work conducted by the Audit Firm or Company in a non-audit capacity.
- (d) The scope of non-audit work must not be allowed to impinge upon the Auditor's independence (refer further below).

The **Selection Criteria** may include such other matters as the Committee thinks fit.

Policy on Audit and Non-Audit Services

- 1. The Committee will develop a **Policy** that sets out the circumstances in which the Company may use the Auditor for other services.
- 2. A copy of this Policy will be provided to the Auditor.
- 3. The Policy will be based on the following principles:
 - (a) The Auditor may provide audit and audit-related services which, while outside the scope of the Statutory Audit, are consistent with the role of Auditor;
 - (b) The Auditor should not provide services that are perceived to be materially in conflict with the role of Auditor;
 - (c) Subject to the approval of the Committee, the Auditor may provide non-audit services that are not perceived to be materially in conflict with the role of Auditor,
 - (d) Exceptions may be made to this policy, provided it has been approved by the Board, where the variation is in the interests of the Company and arrangements are put in place to preserve the integrity of the audit process.

Rotation of Audit Engagement Partner

- 1. The Committee will ensure that the Auditor has in place arrangements regarding any legislative or regulatory requirements for rotation of the Audit Engagement Partner.
- 2. The Audit Engagement Partner for the audit must rotate at least every five (5) years.
- 3. At least two years must expire before that Audit Engagement Partner can again be involved in the audit of the Company.

Review of Audit Arrangements

- 1. The Committee will review the Auditor's performance, at least annually.
- 2. As part of this review the Committee will obtain feedback from the CFO and other members of Senior Management regarding the quality of the audit service.

Change of Auditor:

Resignation of Auditor – Consent of Australian Securities & Investment Commission Required (“ASIC”)

An Auditor of a public company can only resign if the ASIC has given its consent to that resignation.

The ASIC will only give an incumbent Auditor consent to resign if the resignation occurs at an Annual General Meeting except in a small number of exceptional circumstances.

The ASIC does not consider the resignation of an incumbent Auditor following a tender in which that Auditor is unsuccessful, as an exceptional circumstance.

Consequently, the incumbent Auditor will be required to apply for the consent of the ASIC to resign at the next Annual General Meeting.

This application needs to be made to the ASIC in sufficient time for the ASIC to consider the application and advise that Auditor of its decision prior to the date on which the Notice of Annual General Meeting is sent to Shareholders.

Also, the replacement Auditor is required to provide the Company with its Consent to Act as Auditor prior to the incumbent Auditor applying to the ASIC for its consent to resign.

Removal of Auditor

The Auditor of a public company may be removed from office by a resolution passed at a General Meeting of the Shareholders.

This Charter is reviewed annually.