

CORPORATE GOVERNANCE

CHARTER

Byron Energy Limited

ABN 88 113 436 141

Approved by the Board on 25/06/2014

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DEFINITIONS

Act	<i>Corporations Act 2001</i> (Cth)
AGM	Annual General Meeting of the Company
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 504 532
Audit & Risk Management Committee	Committee responsible for internal controls and oversight of financial management and financial matters generally, and for risk management, across the Group as detailed in its Charter
Board	Board of Directors
Board Charter	charter of corporate governance in relation to the Board contained in section 1 of this document
Chairman	chairman of the Board
Charter	Board Charter or (according to context) the charter of any Committee contained (in each case) in this document
Code of Ethics	the code of ethics and values applicable to the Company contained in section 2 of this document
Committee	committee of the Board
Constitution	constitution of the Company
Company	Byron Energy Limited ABN 88 113 436 141
Director	Director of the Company
Group	Company and its controlled entities
Group Operating Policies and Procedures	policy and procedures applicable to the Group from time to time adopted by the Board
Independence	independence within the meaning of section 1.5 of this document
Independent	independent within the meaning of section 1.5 of this document
Managing Director	the executive officer or executive officers (whether or not a Director or Directors) with sole or joint responsibility for the strategic and operational management of the Company and the Group
Secretary	secretary of the Company
Security	equity, debt or other security of any kind of the Company
Securities Trading Policy	the policy for transactions in Securities applicable to the Company referred to in section 3 of this document
Shareholder	holder of shares in the Company

1. BOARD CHARTER

1.1 Introduction

- (a) This Charter outlines the main corporate governance practices that are in place for the Company and to which both the Board collectively and the Directors individually are committed while discharging their responsibilities.
- (b) In carrying out the responsibilities and powers set out in this Charter, the Board recognises its:
 - (i) overriding responsibility to act honestly, conscientiously and fairly, in accordance with the law, in the interests of Shareholders.
 - (ii) duties and responsibilities to its employees, customers and the community.
- (c) The conduct of the Board is also governed by the Constitution, and, to the extent that the terms of the Constitution are inconsistent with this document, the Constitution is to prevail.

1.2 Board role

The role of the Board is to create sustainable shareholder wealth in a manner consistent with the Company's Constitution and all legal and regulatory requirements.

The Board achieves this by:

- (a) charting strategy and setting financial targets for the Group;
- (b) monitoring the implementation and execution of strategy and performance against financial targets;
- (c) appointing and overseeing the performance of executive management;
- (d) setting and overseeing the Company's values and corporate governance framework, and ensuring that the Company acts with integrity and in accordance with the highest ethical standards;
- (e) ensuring there is an effective balance between the delegation and responsibility for the day to day operation and management to the Managing Director and the role of the Board in monitoring, guiding and providing oversight; in setting, overseeing the Company's direction; and
- (f) ensuring effective communication with shareholders

1.3 Board responsibilities

The Board has responsibility for the matters specified in section 1.2 and, in addition to those matters reserved to it by law, reserves to itself the following matters and all power and authority in relation to those matters:

- (a) oversight of the Group including its control and accountability systems;
- (b) appointing and removing the Managing Director;
- (c) ratifying the appointment and, where appropriate, the removal of the secretary;
- (d) reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance;
- (e) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (f) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (g) approving and monitoring financial and other reporting;
- (h) performance of investment and treasury functions;

- (i) monitor industry developments relevant to the Group and its business;
- (j) developing suitable key indicators of financial performance for the Group and its business;
- (k) input into and final approval of management's development of corporate strategy and performance objectives;
- (l) the overall corporate governance of the Group including the strategic direction, establishing goals for management and monitoring the achievement of these goals; and
- (m) oversight of Committees.

To assist in the execution of its responsibilities, the Board has the authority to establish Committees (and delegate powers accordingly) to consider such matters as it may consider appropriate including, by way of example only, audit matters, finance and business risks, remuneration, and nominations, and to establish a framework for the effective and efficient management of the Company and the Group.

1.4 Composition

The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.

The composition of the Board is determined according to the following principles:

- (a) the Board must comprise members with a broad range of experience, expertise, skills and contacts relevant to the Group and its business;
- (b) the Board must consist a minimum of three Directors and a maximum of ten Directors;
- (c) the number of Directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified;
- (d) the Chairman must be a non-executive Director; and
- (e) at least half of the Board must be non-executive Directors.

1.5 Independence

- (a) The Board has adopted the following definition of an Independent Director:

'An independent Director is a Director who is not a member of management (a non-executive Director) and who:

- (a) *is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;*
- (b) *has not, within the last three years, been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;*
- (c) *is not a principal of a professional advisor to the Company or another Group member, or an employee materially associated with the service provided, except in circumstances where the adviser might be considered to be independent notwithstanding their position as a professional advisor due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of its overall revenue;*
- (d) *is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;*
- (e) *has no significant contractual relationship with the Company or another Group member other than as a Director;*
- (f) *is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and*

- (g) *has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.*
- (b) The Board will regularly assess the Independence of each Director in the light of the interests disclosed by them, and each Director will provide the Board with all relevant information for this purpose. The Independence of Directors will be disclosed in the annual report. Where the Independence of a Director is lost, this will be immediately disclosed to the market.

1.6 Appointment and retirement

- (a) The Directors may at any time appoint a person as a Director either to fill a casual vacancy or as an additional Director, provided that the total number of Directors does not exceed the maximum number
- (b) Potential candidates to be appointed as Directors are considered by the Board with advice from an external consultant as considered by the Board to be appropriate. The Board then appoints the most suitable candidates who (assuming that they consent to act as Directors) continue in office only until the next AGM and are then eligible for election but are not taken into account in determining the number of Directors to retire by rotation at the AGM.
- (c) The terms and conditions of the appointment of all new members of the Board must be specified in a letter of appointment. The letter of appointment may refer to the Constitution and to this document.
- (d) Under the Constitution at least one third of all Directors, being the longest serving Directors, must retire at each AGM. Directors, excluding the Managing Director (if a Director), must also retire if a third AGM falls during the period in which they have held office. Retiring Directors are eligible to be re-elected.

1.7 Performance review and evaluation

- (a) The performance of all other Directors is reviewed and assessed each year by the Chairman.
- (b) The performance of the Chairman is reviewed and assessed each year by the other Directors.
- (c) The evaluation criteria and process to be followed is the same in each case.
- (d) The Chairman determines the evaluation criteria and process.
- (e) Members of the Board whose performance is unsatisfactory are asked to retire.

1.8 Training and advice

- (a) Directors are provided with proper information in relation to the Company and the Group before accepting appointment, and also with a proper induction course on accepting appointment, in each case appropriate for them to discharge their responsibilities in office.
- (b) Directors are provided with access to continuing education in relation to the Group extending to its business, the industry in which it operates, and generally information required by them to discharge the responsibilities of their office.
- (c) Each Director has the right to seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

1.9 Meetings

- (a) Board meetings are normally held bi-monthly and will number not less than six in any year.
- (b) Papers for Board and Committee meetings are circulated, wherever practical, at least three days before the relevant meeting.

- (c) Draft minutes of Board and Committee meetings (for consideration and approval at the next relevant meeting) are circulated within ten days following each meeting.
- (d) The non-executive Directors meet at least twice each financial year for private discussion of management issues.

1.10 Company Secretary

The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is also responsible for scheduling meetings, proposals and retention of Board papers, minutes and for managing the Company's legal and statutory compliance program.

The Company Secretary is accountable to the Board, through the Chairman, on all corporate governance matters and is responsible for monitoring that the Charter is duly followed.

1.11 Committees

- (a) The Board may establish Committees to assist it in carrying out its function and for its effective and efficient performance and will adopt a charter for each Committee established dealing with the scope of its responsibility and relevant administrative and procedural arrangements.
- (b) An Audit and Risk Management Committee has been established and is subsisting as at the date of this document. No other Committees have been established or are subsisting as at the date of this document. The Committee has a Charter that has been approved by the Board.
- (c) The Audit and Risk Management Committee is chaired by a Non-Executive Director. Following each Committee meeting, the Board is to be given a verbal report on proceedings plus access to Committee papers.

1.12 Ethical standards and values

- (a) All Directors and all officers of the Company and each other company in the Group must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and the Group and, where possible, to act in accordance with the interests of Shareholders, staff and all other stakeholders in the Company.
- (b) The Directors must comply with the Code of Ethics in the exercise of their duties.

1.13 Dealings in Securities

The Constitution permits Directors to acquire Securities. Company policy prohibits any dealing in, or procuring the dealing in, Securities except in accordance with the Securities Trading Policy.

1.14 Business risks

- (a) The Board has the responsibility for the maintenance of the strategy of the Company which includes the identification of significant business risks. The Board reviews the major risks affecting each business segment and develops strategies to mitigate these risks.
- (b) Once a risk is identified, an action plan is instigated, and the Board is informed of the action plan proposed by management. Corrective action is taken as soon as practicable. Major business risks arise from such matters as actions by competitors, changes in government policy and use of information systems.
- (c) The Managing Director must provide a statement to the Board with any financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

1.15 Communication with Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to Shareholders as follows:

- (a) The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board. Each Director is required at every such meeting to confirm details of any matter within his knowledge that might require disclosure to the market.
- (b) The annual report is made available to all shareholders via the Company's website, www.byronenergy.com.au. The Board ensures that the annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group, and details of future developments in addition to the other disclosures required by the Act.
- (c) Proposed major changes in the Group which may impact on share ownership rights and the removal and appointment of Directors are submitted to a vote of shareholders at an AGM. If resolutions are required to be put to Shareholders before the next AGM, a general meeting will be called with at least 28 days' notice in accordance with the Constitution. The Board encourages the full participation of Shareholders at the AGM and at other general meetings to ensure a high level of accountability and identification with the Group's strategy and goals.
- (d) The external auditors will be requested to attend the AGM and be available to answer questions on the conduct of the audit and the preparation and content of the audit report.
- (e) Company announcements are made in a manner which is factual, timely, clear, and objective.
- (f) Information concerning the Company and the Group, including copies of announcements made through the ASX, the annual report, half-yearly report and the quarterly activities report, is made available to Shareholders and stakeholders on the Company's website, www.byronenergy.com.au.

1.16 Recognition of interests of stakeholders

Directors must recognise that their primary responsibility is to Shareholders as a whole, however, the Company must operate with a sense of responsibility to, the wider community as well as to Shareholders. It is the Company's belief that this sense of responsibility to stakeholders generally is an essential part of its role within the broad community and represents not only sound ethics but also good business sense and commercial practice.

2. CODE OF CONDUCT FOR DIRECTORS

2.1 Objective

The objective of this code is to give the Directors mandatory directions to be followed in performing their duties with a view to enabling them to achieve the highest possible standards in the discharge of their obligations and give them a clear understanding of best practice in corporate governance.

2.2 Obligation

A Director has an obligation at all times, to comply with the spirit and the principles of this code as well as the law.

Taking a position on the Board involves taking on important legal and ethical responsibilities as well as making a commitment to uphold the values of good corporate citizenship in both individual conduct and corporate actions. These responsibilities, and this commitment, are regulated by this code for Directors who must regard themselves as bound by it accordingly. The adherence by each Director to the requirements of this code is critical to the effective operation of the Board. No person should therefore accept a Board position if they have any doubt about their ability to fulfil their obligation to comply with the requirements of this code.

2.3 General duties

Directors must:

- (a) **act in good faith in the best interests of the Company and for a proper purpose;**
- (b) **act in the interests of all shareholders and to avoid any potential conflict of interest;**
- (c) **exercise a reasonable degree of care and diligence;**
- (d) **not make improper use of information; and**
- (e) **not make improper use of their position.**

Breaches of these duties at common law and under the Act may expose Directors to potential liability in damages, fines and disqualification.

A Director, in the exercise of his or her powers, and in the discharge of their duties must exercise the degree of care and diligence that a reasonable person would exercise if they were a Director in the circumstance prevailing and occupied the office held by, and had the same responsibilities within the Company as the Director.

A Director must as a fiduciary, act with fidelity and trust in relation to the Company. The Board has been appointed to manage the affairs of the Company on behalf of the shareholders and is accountable not only to shareholders but to other third parties including creditors, regulators and the community.

The Act requires Directors to act honestly and with a reasonable degree of care and diligence in the exercise of their powers and duties and the discharge of their duties.

To undertake the role of a Director without taking steps to acquire and maintain a reasonable level of competence is also likely to be considered negligent. All Board members are therefore encouraged to attend at least one educational seminar a year to enable them to be kept fully informed of matters relevant to their position as a Director.

2.4 Business judgment rule

- (a) Each Director should be familiar with the business judgment rule set out in this section.
- (b) A director's duty to act with care and diligence will be taken to be satisfied where the Director:
 - (i) **Makes a judgment in good faith and for a proper purpose**
 - (A) This requires an honest exercise of powers in the best interests of the Company on the basis of an objective view.

- (B) Decisions which would allow some Directors or shareholders to gain an advantage over others may be indicative of those made for improper purposes, even where the decision does not result in damage to the Company.
- (ii) **Has no material personal interest in the subject-matter of the judgment made**
This requires the avoidance of any conflict of interest.
- (iii) **Is informed about the subject-matter of the judgment to the extent the Director reasonably believes to be appropriate**
This requirement is satisfied where the Director has made a reasonable effort to be informed.
- (iv) **Rationally believes the judgment to be in the best interest of the Company**
This requirement is presumed to be satisfied unless no reasonable person in the Director's position would have made that judgment.
- (c) The business judgment rule:
 - (i) relates only to decisions about the ordinary business operations of the Company; and
 - (ii) does not relieve a Director from other fiduciary duties (over and above those owed as a Director) such as to act in good faith, not to misuse the position of Director, not to make improper use of confidential information, and to prevent insolvent trading.
- (d) A business judgment is any decision to take or not to take action in respect of a matter relevant to the business operations of the Company; it does not apply to any failure to take a decision.

2.5 Decision-making

A Director must be independent in judgement and actions and must take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

In order to satisfy this requirement a Director must:

- (a) make a reasonable effort to become and remain familiar with the affairs of the Group;
- (b) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (c) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Group without placing undue reliance on other Directors to fulfil those duties.

Directors should rely on advice relating to the Company or the Group or their affairs only where that advice is given or prepared by:

- (a) an employee whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the Director believes on reasonable grounds to be within the person's professional or expert competence;
- (c) another Director or officer in relation to matters within that Director's or officer's authority; or
- (d) a Committee (on which the Director did not serve) in relation to matters within the Committee's authority.

Directors should only rely on such information or advice if:

- (a) the Director's reliance was made in good faith, and after making an independent assessment of the information and advice, having regard to the Director's knowledge of the Company and Group and the complexity of their structure and operations; and

- (b) the reasonableness of the reliance arose in proceedings brought to determine whether the Director performed his or her duties under the *Corporations Act 2001* or the common law.

2.6 Confidentiality

Directors must observe confidentiality regarding all Board matters and all confidential information received by a Director in the course of the exercise of their duties.

- (a) All information received by a Director in the course of fulfilling Board duties must be regarded as confidential and remains the property of the Company. Confidential information is not limited to information that may be regarded as price-sensitive and extends to (by way of example only) information that is not price-sensitive as such but might reasonably be considered of use or of interest to retail investors.
- (b) A Director may not disclose information, or allow it to be disclosed, to any other person unless that disclosure has been authorised by the Company or is required by law to be disclosed.

All discussions and resolutions of the Board must likewise be treated as confidential and not disclosed, or allowed to be disclosed, as regards either content or substance, to persons who are not Directors except in cases where disclosure:

- (i) has been authorised by the Company; or
 - (ii) is required by law.
- (c) Authorisation by the Company will be presumed where and to the extent that Board or Committee minutes convey, either expressly or implicitly, that it is intended that disclosure should be made to third parties.
 - (d) Any Director in any doubt as to their obligations of confidentiality or in relation to any matter of disclosure should consult with the Chairman prior to making any disclosure. A Director may also seek independent advice in accordance with section 1.8(c) of this document.

2.7 Improper use of information

A Director must not make improper use of information acquired as a Director.

Directors are also prohibited from making improper use of information acquired by virtue of their position as a Director so as to gain, directly or indirectly, any personal advantage or any advantage for any other person or that may cause detriment to the Company or the Group. A Director may also seek independent advice in accordance with section 1.8(c).

2.8 Co-operation

Directors must observe solidarity with the resolutions of the Board and co-operate in their implementation.

Board members are part of a team. As such they must work co-operatively with the Chairman and other Directors and with management. Directors must therefore observe solidarity regarding the resolutions of the Board or any Committee. Directors must not speak against a resolution of the Board or any Committee to any person other than fellow Directors. Directors must also support Board resolutions by providing assistance and co-operation in their implementation.

2.9 Personal Interests and Conflicts

A Director must not take improper advantage of their position as a Director.

No Director may allow any personal interest, or the interest of any associated person, to influence or prejudice their conduct or any Board or Committee decision.

A Director has a duty to avoid any conflict between the best interests of the Company and the Group and their own personal interests or those of any third party. Every Director must be aware of both actual and potential conflicts of interest. The law requires that a Director with a conflict of interest should refrain from voting, or entering into any discussion, at, or even being present during, relevant Board discussions. A Director who has any material personal interest in a matter

must not be present at a meeting while the matter is being considered and must not vote on the matter. A personal interest may be either direct or indirect and either pecuniary or otherwise. Papers relevant to any matter on which there is a known conflict of interest, or in relation to which there is a material personal interest, will not be provided to any Director concerned.

2.10 Conduct

A Director must not engage in conduct likely to bring discredit upon the Company or the Group.

Each Director must be and remain aware of, and observe any standing orders adopted by the Board from time to time for the conduct of Board and committee meetings.

Directors must at all times comply with the spirit as well as the letter of the law and with the principles of this code.

Directors should conduct themselves at all times in a sober, polite, lawful and restrained manner in carrying out their duties, at both Board and Committee meetings, at Company functions and meetings, and where otherwise dealing with matters concerning or involving the Company.

2.11 Performance

Directors must recognise that their primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders.

The Board is accountable not only to Shareholders, but to other third parties, including creditors, regulators and the community. However, it is not practical for any of these interest groups to undertake regular appraisals of Board performance, and nor would such appraisal be appropriate as a particular interest group could have difficulty being impartial or objective. The Board must satisfy itself that it is performing to maximum efficiency so that all Directors can be assured that they are fulfilling their obligations and that there is no exposure for them to any legal liability. Each Director must cooperate fully with any review or assessment of performance, whether collective or individual, and whether conducted by the Chairman or any other Director or by any independent third party externally appointed for the purpose.

2.12 Complaints

Directors must abide by the complaints procedure determined by the Board.

The Board is concerned with the development and formulation and proper implementation of strategy and policy. Management carries strategy and policy into effect. Directors may from time to time be approached by shareholders, staff or other persons who have a complaint about a matter relating to the Company or the Group.

2.13 Breaches

- The Chair should be advised immediately in writing of any alleged breach of this Code together with the grounds of the alleged breach.
- The Chair shall provide a copy of the allegation to the Director and the Director has to provide a written response to the alleged breach within a reasonable time but no more than 14 days.
- The Chair shall undertake such investigations as required and report to the next Board meeting, or convene a special Board meeting if declared necessary. A right of response to the alleged breach will be allowed, but the Director concerned then must leave the meeting to allow discussion and vote by other Directors.

3. SECURITIES TRADING POLICY

The legal duties placed on Directors and certain others in relation to transactions in the securities of the Company and certain other companies are onerous. Heavy sanctions apply if these duties are breached. The major issue concerns information that is price-sensitive or otherwise confidential.

In view of this, and because of the difficulty in determining whether information is price-sensitive, the Board has adopted a 'Securities Trading Policy' to governing dealings in securities of the Company. The 'Securities Trading Policy' is available on the Company's website, www.byronenergy.com.au.

4. STANDING RULES OF COMMITTEES

4.1 Application

These rules apply to, and are deemed incorporated into the Charter of each Committee except insofar as they may conflict with any of its terms.

4.2 Composition

- (a) Each Committee must exclusively comprise non-executive Directors
- (b) The Chairman may be a member of each Committee
- (c) Each Committee must consist of no fewer than two members
- (d) Committees are appointed by the Board and serve as determined by the Board. The Board appoints one member of any Committee to act as its Chairman

4.3 Role

Each Committee has the role of improving the efficiency of the Board through accepting the delegation of tasks and performing them in a forum where they can receive greater attention to detail than would be practical solely at Board level.

4.4 Meetings

- (a) Any meeting may be held by means of conference call or any other means of communication that may, under the Act or the Constitution, be used for Board meetings.
- (b) The quorum for any meeting is two members whether or not including the Chairman.
- (c) Any Director may attend (but not vote at) a meeting of a Committee of which that Director is not a member, as determined by the Committee, for discussion of any particular matter relevant to that Director or in relation to which that Director may have a special contribution to make.
- (d) Any Committee may delegate any specific task to one of its members or to a sub-committee consisting of two or more of its members.
- (e) Standing Committee meeting papers should be distributed to members within sufficient time before the meeting to enable members to read the papers and properly prepare for the meeting.
- (f) The procedural provisions of this section 4.4 apply in relation to any sub-committee of a Committee.

4.5 Reporting

The Chairman of each Standing Committee shall update the Board regularly on matters relevant to the Committee's role, responsibilities, activities, and matters considered, discussed and resolved at Committee meetings, including minutes of each Committee meeting.

4.6 Secretary

The Secretary is accountable to the Board, through the Chairman, on all corporate governance matters and is responsible for monitoring that the Charter is duly followed and for coordinating the completion and despatch of Committee agenda and briefing materials as well as draft minutes of meetings of the Committee for approval at the next meeting.

4.7 Performance evaluation and Charter

- (a) The same procedures apply as for the Board (section 1.7 of this document) subject only to the role of the Chairman being taken by the Chairman of the Committee and any other necessary changes.

- (b) Review and evaluation are conducted against the Charter as well any criteria determined by the Chairman.
- (c) The Committee reports to the Board on the conduct and results of its review and evaluation and makes any recommendations it may consider appropriate.
- (d) The Chairman of each Standing Committee shall ensure an annual performance evaluation is completed in relation to their Committee.
- (e) The Chairman of each Standing Committee shall ensure their Committee's Charter is reviewed annually and recommend any proposed changes to the Board for consideration.

4.8 Access, Information and Investigations

- (a) Each Standing Committee may, within the scope of its responsibilities, have unrestricted access to management, employees (including contractors and consultants) and information it considers relevant to carrying out its responsibilities under its Charter. Each Standing Committee may require the attendance of any Company officer or employee, or request the attendance of any external party, at meetings as appropriate.
- (b) Each Standing Committee has the power to direct any special investigations deemed necessary and to engage and consult independent counsel, advisers or experts where considered necessary to carry out its responsibilities.
- (c) Unless they have reason to doubt, each member of a Standing Committee is entitled to rely on information and advice provided by Company officers or employees on matters within their responsibility, and on external professionals within their areas of expertise, and may assume the accuracy of information provided by such persons.
- (d) Each Standing Committee may refer in writing to the other relevant Standing Committee, any matter that has come to its attention that is of relevance to that other Standing Committee.

5. AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

5.1 Role

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. This Charter defines the Audit and Risk Committee's function, composition, mode of operation, authority and responsibilities.

5.2 Composition

- a) The Committee must comprise at least two members.
- b) All members of the Committee must be non-executive Directors.
- c) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.
- d) All members of the Committee must be able to read and understand financial statements.
- e) The Chairman of the Committee may not be the Chairman of the Board of Directors.
- f) The Chairman shall have leadership experience and a strong finance, accounting or business background.
- g) The external auditors, the other Directors, the Managing Director, Chief Financial Officer, Company Secretary and senior executives, may be invited to Committee meetings at the discretion of the Committee.

5.3 Purpose

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- a) the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- b) compliance with all applicable laws, regulations and company policy;
- c) the effectiveness and adequacy of internal control processes;
- d) the performance of the Company's external auditors and their appointment and removal;
- e) the independence of the external auditor and the rotation of the lead engagement partner; and
- f) the identification and management of business risks.

A secondary function of the Committee is to perform such special reviews or investigations as the Board may consider necessary.

5.4 Duty and Responsibilities

5.4.1 Review of Financial Reports

- a) Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- b) Oversee the financial reports and the results of the external audits of those reports.
- c) Assess whether external reporting is adequate for shareholder needs.
- d) Assess management processes supporting external reporting.
- e) Establish procedures for treatment of accounting complaints.

- f) Review the impact of any proposed changes in accounting policies on the financial statements.
- g) Review the quarterly, half yearly and annual results.

5.4.2 Relationship with External Auditors

- (a) Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.
- (b) Review performance, succession plans and rotation of lead engagement partner.
- (c) Approve the external audit plan and fees proposed for audit work to be performed.
- (d) Discuss any necessary recommendations to the Board for the approval of quarterly, half yearly or annual reports.
- (e) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- (f) Meet with the external auditors at least twice in each financial period without management being present and at any other time the Committee considers appropriate.
- (g) Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
- (h) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.
- (i) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- (j) Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act and with ASX Listing requirements.

5.4.3 Risk Management

- (a) Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
- (b) Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

5.4.4 Other

- (a) The Committee will oversee the Company's environmental risk management and occupational health and safety processes.
- (b) The Committee will oversee procedures for whistleblower protection.
- (c) Monitor related party transactions.

5.5 Meetings

- (a) The Committee will meet at least each financial quarter and additionally as circumstances may require for it to undertake its role effectively.
- (b) Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.
- (c) Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- (d) A quorum shall consist of two members of the Committee. In the absence of the Chairman of the Committee or their nominees, the members shall elect one of their members as Chairman of that meeting.
- (e) Decisions will be based on a majority of votes.
- (f) The Committee Chairman, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next board meeting.
- (g) Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

5.6 Secretary

- (a) The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

5.7 Reliance of information or professional or expert advice

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the Group whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- (c) another Director or officer of the Group in relation to matters within the Director's or officer's authority.

5.8 Access to advice

- (a) Members of the Committee have rights of access to management and to the Company's records to enable them to discharge their duties as Co-members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) Members of the Committee may meet with the external auditors, without management being present.

- (c) Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chairman. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

5.9 Review of Charter

- (a) The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner, and will update the Charter as required or as a result of new laws or regulations.
- (b) The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.

5.10 Report to the Board

- (a) The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.
- (b) The Committee must brief the Board promptly on all urgent and significant matters.