



ATTACHMENT A

AUDIT COMMITTEE CHARTER

Introduction & Purpose

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

Constitution

An Audit Committee will be established by resolution of the Board.

Membership

The Audit Committee will consist of not less than three members. Members will be appointed by the Board from amongst the Directors, and will have a majority of independent directors. In addition, the Audit Committee will comprise:

- members who can all read and understand financial statements and are otherwise financially literate;
- at least one member with financial expertise either as a qualified accountant or other professional with experience in financial and accounting matters; and
- at least one member who has an understanding of the industry in which the Company operates.

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 *ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations*. The only compensation shall be directors' fees for services provided to the audit committee.

Chairman

The Audit Committee will appoint a Director, other than the Chairman of the Board, to be the Chairman of the Committee.

Secretary

The Chief Financial Officer ("CFO") will be the Secretary of the Audit Committee.

Other Attendees

The Chief Executive Officer ("CEO") and CFO as well as other members of senior management may be invited to be present for all or part of the meetings of the Audit Committee, but will not be members of the Committee.

Representatives of the external auditor are expected to attend at least one meeting of the Audit Committee per year without any management staff or executives present.

Quorum

A quorum will be two members.

Meetings

Audit Committee meetings will be held not less than two times each year (i.e. before completion of the half yearly and annual accounts) with the auditors and appropriate members

Related Party Transactions

4. To monitor and review the propriety of any related party transactions.

External Audit Function

5. To recommend to the Board the appointment, reappointment or replacement (subject to shareholder ratification) of the external auditor.
6. Audit firms are evaluated in accordance with criteria, as appropriate from time to time, and are not assessed solely on the basis of who is cheapest, but on a number of issues such as:
 - (a) Skills and knowledge of the team proposed to do the work,
 - (b) Quality of work;
 - (c) Independence of the audit firm;
 - (d) Lead signing partner and independent review partner rotation and succession planning policy;
 - (e) Value for money; and
 - (f) Ethical behaviour and fair dealing.
7. Each year, to review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.
8. To discuss with the external auditor before the audit commences the nature and scope of the audit, including identified risk areas, significant problems that may be foreseen and any additional agreed-upon procedures and to ensure coordination between the external auditor and the company's accounting staff.
9. To meet privately with the external auditor on at least an annual basis.
10. To determine that no management restrictions are being placed upon the external auditor.
11. To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
12. To review the external auditor's management letter and management's response.
13. To review any regulatory reports on the Company's operations and management's response.
14. To attend the annual general meeting to answer questions by shareholders if requested.

Internal Audit Function

15. To recommend to the Board the appointment of an internal auditor if and when one is required. At the present time there is considered no requirement for an internal audit function.

Communication

16. If and when required, providing, through regular meetings, a forum for communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors.
17. Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.
18. If and when required, establishing procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously.

of management. In addition, the Chairman of the Audit Committee is required to call a meeting of the Committee if requested to do so by any member of the Audit Committee, the CEO or the external auditor.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its charter. The Audit Committee will have access to management and auditors (external) with or without management present and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees, including full access to all books and records, and all employees are directed to cooperate with any request made by the Audit Committee.

The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee is required to make recommendations to the Board on all matters within the Audit Committee's charter.

Reporting Procedures

The Audit Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chairman of the Audit Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Audit Committee meeting along with any recommendations of the Committee.

Responsibilities of the Audit Committee

The Audit 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.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. In particular, the Audit Committee has the following duties:

Accounting Practices and External Reporting

Financial Statements

1. To review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments, accounting and financial reporting issues resulting from the external audit;
 - compliance with accounting policies and standards; and
 - compliance with legal requirements.
2. If the Company has a public accountant, to review the evaluation by management of factors related to the independence of the Company's public accountant and to assist them in the preservation of such independence.
3. To oversee management's appointment of the Company's public accountant if one is required.

Assessment of Effectiveness

19. To evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with operating management, internal auditors (should they exist) and the external auditors.