



## **GALE PACIFIC LIMITED**

ACN 082 263 778

Adopted by the Board 24 September 2005

Reviewed and updated by the Board 16 November 2005

### **AUDIT & RISK COMMITTEE CHARTER**

#### **GENERAL SCOPE AND AUTHORITY:**

The Gale Audit & Risk Committee (the Committee) is a Committee of the Board of Gale Pacific Limited. Proceedings and meetings of the Committee will be governed by the provisions of the Company's Constitution regulating the meetings and proceedings of the Board in so far as they are applicable and not inconsistent with this Charter.

#### **ROLE OF THE AUDIT & RISK COMMITTEE**

The primary purpose of the Audit & Risk Committee is to support and advise the Board in fulfilling its corporate governance and oversight responsibilities relating to:

- quality and reliability of financial accounting
- ethical compliance
- risk management and internal control systems
- external reporting
- effectiveness of the audit function
- audit engagement fees and terms
- policies for the provision of non-audit services by the external auditor

#### **1. AUTHORITY**

In executing its responsibilities, the Committee has unlimited access to internal and external auditors and senior management. It also has the Board's authority to:

- seek information it requires from employees and external parties;
- obtain outside legal or other professional advice; and
- require Company officers to attend Committee meetings as appropriate.

#### **2. COMPOSITION**

- The Committee will consist of at least three non-executive Directors, and all members of the Committee must be independent. None of the members will be an officer or an employee of the Company or of its subsidiaries or related companies.

- All Committee members must be financially literate, and at least one member must have accounting or related financial experience and qualifications.
- The Chairman of the Committee will be nominated by the Board, must be independent and not also Chair of the Board.
- Management shall make available to the Committee a person to act as secretary of the Committee and to take minutes of Committee meetings.
- A quorum of the Committee will be two members.

### **3. MEETINGS**

- The Committee shall meet as frequently as required but not less than twice a year.
- Any Committee member, the external auditors or the Secretary may call a meeting of the Committee.
- A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy to all Board Members) at least one week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.
- The Chair of the Committee, or delegate, shall report to the Board following each meeting.

### **4. RESPONSIBILITIES**

The Committee will:

#### **Internal Control**

- Address the effectiveness of the internal control systems and risk management systems with management and internal and external auditors.
- Understand the controls and processes implemented by management to ensure that the financial statements derive from the underlying financial systems, comply with relevant standards and requirements and are subject to appropriate management review.

#### **Financial reporting:**

- Gain an understanding of the current areas of greatest financial risk and how these are being managed.
- Review significant accounting and reporting policies and issues,.
- Oversee the periodic financial reporting process and review financial statements and announcements prior to their release.

- Ensure that information contained in analyst briefings and press announcements is consistent with published financial information, balanced and transparent.
- Review for completeness and accuracy the reporting of the Company's main corporate governance practices as required under the Australian Stock Exchange listing rules.

### **Related Party Transactions:**

- Review and monitor the propriety of related-party transactions.

### **Compliance with laws and regulations**

- Review the effectiveness of the system for monitoring compliance with laws, regulations, and the Company's key policies.
- Review the findings of any examinations by regulatory agencies.

### **Working with auditors**

- Consider the independence of the external auditor. Review the external auditor's proposed audit scope, approach and the level of audit fees.
- Discuss with the external auditor any audit problems encountered in the normal course of audit work, and the appropriateness of the Company's accounting policies.
- Meet separately with the external auditor to discuss any matters that the committee or auditor believe should be discussed privately. Ensure the external auditor has access to the Chairman of the Audit Committee when required.
- Review on an annual basis the performance of the external auditor and make recommendations to the Board for the appointment, reappointment or termination of the external auditor.

### **Reporting responsibilities**

The Chair of the Committee will:

- update the Board about Committee activities and make appropriate recommendations in a timely manner; and
- ensure the Board is aware of matters that may significantly impact the affairs of the business in relation to its mandate.