

## COMET RIDGE LIMITED

### AUDIT COMMITTEE CHARTER

#### 1. Background & Purpose

The Audit Committee plays a key role in assisting the Board to fulfill its oversight responsibilities in areas such as an entity's financial reporting, internal control systems, risk management systems and the internal and external audit functions. This Charter governs the operation of the Audit Committee ("the Committee") and sets out the Committee's role and responsibilities, composition, structure and membership requirements.

#### 2. Composition of Audit Committee

The Audit Committee is constituted as a committee of the Board. All members, including the Chair of the Committee are to be appointed by the Board.

The Committee is to include at least three (3) members, the majority of which if the makeup of the Board allows, are to be independent Non-executive Directors, including the Committee Chair who is not be the Chairperson of the Board.

At least one member of the Committee is to have significant, recent and relevant financial management experience.

#### 3. Role of Audit Committee

The Audit Committee is not a policy making body but assists the Board with implementing Board policy. The role of the Audit Committee is to assist the Board:-

- (a) to monitor the integrity of the financial statements of Comet Ridge Limited and its subsidiaries ("the Company"),
- (b) with the selection and application of accounting policies and standards;
- (c) to review critical accounting estimates and judgements;
- (d) to review the effectiveness of the Company's internal financial control system and, unless expressly addressed by a separate Risk Committee or by the Board itself, risk management systems;
- (e) to monitor and review the effectiveness of the Company's internal audit function, if any;
- (f) to monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services;

- (g) perform such other functions as assigned by law, the Australian Securities Exchange, the Company's constitution, or the Board;
- (h) to review and approve the corporate governance section of the Company's Annual Report relating to the Committee and its responsibilities; and
- (i) to review compliance with applicable legal and regulatory requirements.

#### **4. Meetings and Attendance**

The Committee will meet at least twice per year with further meetings to be convened as required or as requested by any member of the Committee or the Board.

An agenda for each Committee meeting will be prepared in consultation between the Committee Chair (with input from Committee members), the Chief Financial Officer or his or her equivalent and if required to attend at the meeting, the external auditor.

Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken, or recommended, are to be given at each subsequent meeting of the full Board.

Committee meetings will be convened by the same rules as set out in the Company constitution as they apply to the meetings of the Board.

At the discretion of the Chair, having regard to the nature of the agenda, relevant members of Company's management and the external auditor maybe required to attend meetings.

The Committee shall meet with the external auditor without management present, as it deems necessary but at least once per year.

#### **5. Authority and Resources**

The Company is to provide the Committee with sufficient resources to undertake its duties and responsibilities, including the provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities. The Committee will have the authority, as it deems necessary or appropriate, to retain independent external accounting, legal or other advisors.

#### **6. Reporting**

The Committee Chair shall report any significant issues arising from the Committee meetings at the next meeting of the Board usually by way of a copy of the minutes of that meeting supplemented by other necessary information, including recommendations requiring Board action and/or approval.

The Directors' Report contained in the Company's annual report to shareholders is to contain a dedicated section that describes the role of the Audit Committee.

The Chairperson of the Audit Committee is to be present at the annual general meeting of the Company to answer any questions, through the Chairperson of the Board.

## **7. Reviews**

The Committee will review its performance on an annual basis. The review will be conducted as a self-assessment and will be overseen by the Chair. The assessment may seek input from parties' external to the Committee.

The Committee should also review this Charter annually to ensure that it remains consistent with the Board's objectives and responsibilities and to take into account any changes legal or regulatory requirements.

## **8. Responsibilities of the Committee**

The annual responsibilities of the Committee are as set out in the Audit Committee Action Points attached herewith.



.....  
**Chairman**

**Date adopted: 10 November 2009**  
**First Update: 28 November 2013**  
**Second Update: 30 July 2015**  
**Third Update: 01 August 2017**

## **Audit Committee Charter – Annual Action Points**

### **Financial Reporting and Financial Controls**

- Review half-year and annual financial statements and recommend to the Board whether the financial statements should be signed based on the Committee's assessment of them.
- Review management's selection of accounting policies including recent professional and regulatory announcements and understand their effect on the financial reports.
- Consider the external audit of the financial statements and the external auditor's report thereon.
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risk (and other business risks if authorised).
- Review significant financial and reporting issues, including complex or unusual transactions and highly judgemental areas and their effect on the financial statements.
- Review related party transactions and the adequacy of their disclosure in the financial statements.

### **Annual meeting with External Auditor**

- Meet with the independent auditor in an executive session to discuss any matters that the Committee or the independent auditor believes should be discussed separately from the management.
- Discuss the Company's choice of accounting policies and methods, and any recommended changes.
- Discuss the adequacy and effectiveness of the Company's internal controls.
- Discuss any significant findings and recommendations of the external auditor and management's responses thereto.
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information.
- Discuss significant estimates and judgements used in the preparation of the financial statements.

### **External Auditor Engagement**

- Establish/review criteria for the selection, appointment and rotation of external auditor.
- Recommend to the Board to appoint and replace the external auditor and approve the terms on which the external auditor is engaged.
- Establish/review permissible services that the external auditor may perform for the company and pre-approve all audit/non-audit services.
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees.
- Ensure that the external auditor is requested to attend the AGM of the Company and is available to answer questions from shareholders.

## **Internal Communications and Reporting**

- Provide copies of all minutes of meetings to the full Board.
- Regularly update the Board about Committee activities and make appropriate recommendations.
- Ensure that the full Board is fully aware of matters which may significantly impact the financial position or affairs of the Company.

## **Other**

- Verify the membership of the Committee is in accordance with the Audit Committee Charter.
- Review the independence of each committee member based on ASX Corporate Governance Guidelines.
- Review and update the Audit Committee Charter and Action Points.
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls and audit matters.