Audit and Risk Committee Charter

Ceretas Limited (ACN 681 662 224)

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1 Introduction

This Audit and Risk Committee Charter (**Charter**) sets out the specific powers delegated to any audit and risk committee (**Committee**) established by the board of directors of Ceretas Limited (ACN 681 662 224) (**Company**) (**Board**) from time to time in accordance with the Company's constitution. The Committee must exercise the powers delegated to it in accordance with any directions of the Board. This Charter does not impose any obligation on the Company to establish the Committee nor prevent the Company from dissolving the Committee.

The broad roles of the Committee are as follows:

(a) oversee the integrity of the Company's financial reporting processes;

(b) review the Company's risk management processes (including annual review of the Company's risk management framework);

(c) review the Company's internal controls; and

(d) manage the Company's external audit process.

2 Membership

The Committee will comprise two non-executive directors (three where the size of the Board enables), unless otherwise determined by the Board. It is intended that a majority of the directors will be independent directors.

In appointing directors to the Committee, the Board will have regard to the following:

(a) all members must be able to read and understand financial statements; and

(b) a majority of members must have a detailed understanding of the industry in which the Company operates.

Any member may be removed at any time by a majority of the Board then in office. Any vacancy in the Committee occurring for any cause may be filled by a majority nominee of the Board then in office.

External consultants and advisers can serve on the Committee in order to complement the technical abilities of existing members.

The chairperson of the Committee (**Committee Chairperson**) shall be designated by the Board and should not be the chairperson of the Board.

A member of the Committee may, with the approval of the Committee Chairperson and at the Company's expense, attend seminars or training courses in respect to issues related to the functions and responsibilities of the Committee.

The secretary of the Committee (**Committee Secretary**) will be the Company Secretary.

3 Meetings

3.1 Holding of meetings

The Committee shall meet at least two times annually or more frequently, as required.

Any Committee member may, and the Committee Secretary must on request by a member, convene a meeting of the Committee.

3.2 Quorum

A majority of the members of the Committee present in person or by using any technology shall constitute a quorum for the transaction of business by the Committee. The act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

3.3 Committee papers

The Committee Secretary will distribute in advance of a meeting of the Committee an agenda and any related papers to each member of the Committee and any other persons determined by the Committee.

Where a person has a conflict of interest in a matter, the Committee Secretary will provide that person with notice of the matter but, unless the other members of the committee otherwise determine, will not provide that person with papers in relation to that matter.

The Committee has a right to access management and seek additional information and explanations where it considers appropriate.

The Committee may, with the approval of the Committee Chairperson, instruct management to engage independent professional advisers, as required.

3.4 Committee minutes

The Committee Secretary shall prepare minutes of meetings of the Committee and have them approved by the Committee Chairperson.

Minutes of meetings shall be confirmed at the next meeting of the Committee. All minutes will be entered into a minute book maintained by the Committee Secretary for this purpose and be available at all times for inspection by any director of the Company.

4 Remuneration

Remuneration of Committee members shall be as determined by the Board.

5 Reporting to the Board

Minutes of each meeting will be submitted to the Board.

The Committee Chairperson (or a delegate) must report to the Board after each Committee meeting concerning the proceedings of the Committee.

6 Purpose and responsibilities

Primary responsibility for financial and other reporting, internal controls and compliance with laws and regulations rests with the management of the Company.

The Committee's primary purposes are to assist the Board:

(a) in its oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements and corporate policies and controls, the process for the external auditor's selection, retention, qualifications, objectivity and independence; and

(b) by reviewing the financial information that will be provided to the shareholders and others, the systems of internal controls that management and the Board have established and the audit process.

The Committee is responsible for overseeing the integrity of the financial reporting process and that the financial statements adequately represent the Company's financial condition, results of operations and cash flows. Secondly, the Committee is responsible for overseeing the Company's compliance with corporate policies that provide processes, procedures and standards to follow in accomplishing the Company's objectives. Thirdly, the Committee is responsible for understanding the Company's internal control structures and areas that represent high risk for material misstatement of the financial statements.

The external auditor shall have direct and unrestricted access to the Committee as well as the opportunity to meet with the entire Board.

7 Specific duties

7.1 Financial reporting

The Committee must promote an environment in the Company that is consistent with best-practice financial reporting and appropriately presents the financial position of the Company to external parties. In particular, the Committee must:

(a) review, assess and approve the Company's accounting policies, the principles that are required to be reported in the notes to the financial statements and changes to the accounting policies. Where appropriate, without limiting the Committee's powers, it must refer material changes to the Board;

(b) review, assess and recommend release to the Board all financial statements and reports which are required to be publicly released. The review should include a discussion with management and the external auditors of accounting issues, Board policies and the proposed audit report;

(c) review the annual report, directors' report and any other report which is required by law to accompany any published financial statements before approval by the Board, including assessing whether the information to be disclosed is consistent with the Committee members' information and knowledge and is adequate for shareholders' needs;

(d) discuss with management and the external auditor the process surrounding and the disclosures made by the Managing Director (or equivalent) in connection with their personal certification of half-yearly and annual financial statements; and

(e) review and approve related-party transactions.

7.2 External audit

The Committee will review and assess key areas relating to the external audit of the Company. In particular, the Committee will:

(a) make recommendations to the Board in relation to the appointment, reappointment or replacement of the external auditor, subject to shareholder ratification;

(b) review and approve annually all auditing services and related fees and the terms thereof, including the scope of the external auditor's examination plan and procedures and timing of the audit;

(c) monitor the effectiveness and independence of the external auditor;

(d) pre-approve any non-audit services (i.e. any services provided other than in connection with the audit or review of financial statements) to be rendered by the Company's external auditor, including the terms thereof and the fees to be paid in connection therewith;

(e) review and monitor management's responsiveness to the external audit findings; and

(f) resolve disagreements (if any) between the Company's external auditor and management.

The Committee is also expected to perform the following additional duties:

(g) review, with the external auditor and management, the Company's policies and procedures relative to the adequacy of internal accounting and financial reporting controls, including the controls over half-year and annual financial reporting;

(h) review, with management and the external auditor, the accounting and reporting principles and practices applied by the Company in preparing its financial statements, including:

(i) issues regarding accounting principles;

(ii) analyses prepared by management and/or the external auditor setting forth significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements;

(iii) the effect of regulatory and accounting initiatives on the financial statements of the Company; and

(iv) reviewing the Company's policies and procedures for compliance with Australian equivalents to international reporting standards;

(i) discuss with management the types of information (including financial information and earnings guidance) to be disclosed in half-year and annual financial statements;

(j) prior to the release of each half-year and annual financial statement, discuss with management and the external auditor the results for the half-year or year (as applicable), including any significant transactions which occurred during the half-year or year, any significant adjustments, management judgments and accounting estimates, new accounting policies and any disagreements between management

and the external auditors;

(k) prior to the release of the annual financial statements, meet to review and discuss with management and the external auditors, on completion of their audit, the financial results for the year and the results of the audit;

(l) at least annually:

(i) ensure the external auditor gives consideration to the Company's internal quality-control procedures and any material issues raised by the most recent internal quality-control review when providing their audit report;

(ii) review the external auditor's work throughout the year as it relates to the Company, including obtaining the opinions of management;

(iii) evaluate the external auditor's (including the engagement partner's) performance; and

(iv) present the Committee's conclusions to the full Board; and

(m) before the appointment of external auditors for non-audit services, ensure that it is satisfied that the provision of those non-audit services by the author is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

(i) all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Committee to ensure they do not impact the integrity and objectivity of the auditor; and

(ii) the non-audit services provided do not undermine the general principles relating to auditor independence as set out in applicable audit standards, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

8 Limitations

The Committee's principal function is one of review, oversight and monitoring. Neither the Committee nor any member of it has a duty to actively seek out activities occurring within the Company that are not compliant with the Company's policies and procedures, although they have a duty to act promptly if any such activity comes to their attention.

It is not the duty of the Committee to:

(a) plan or conduct audits (this is the responsibility of the external auditor); or

(b) determine that the financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles (this is the responsibility of the Board based on the recommendation of, and reliance on certifications provided by, management).

9 Committee review

The Committee shall review its performance periodically.

The Committee shall review and reassess the adequacy of this Charter not less frequently than every two years and submit any proposed revisions to the Board for consideration and approval.