SANDON CAPITAL

Sandon Capital Investments Limited (Company)

Audit & Risk Committee Charter

ACN: 107 772 467

Level 5, 139 Macquarie Street, Sydney

NSW 2000

Audit & Risk Committee Charter

1. Introduction

The Audit & Risk Committee is a committee of the Board and applies to the Company and its subsidiaries.

The primary role of the Audit & Risk Committee is to satisfy itself that the Company has an adequate control framework for the oversight of the external audit and the internal audit arrangements.

2. Responsibilities

The Committee's responsibilities include:

(a) Reliable management and financial reporting

- Assess the adequacy of management's corporate reporting processes and internal control framework on the entity's risks, operations, and financial condition to the Board.
- Scrutinise the Company's accounting policies and practices in the light of the Corporations Act and Australian Accounting Standards.
- Review the half yearly and annual financial statements of the Company and make recommendation to the Board of the Company for the signing of the Directors Declaration to the financial statements.
- Review and discuss with the external auditor the quality and acceptability of the Company's accounting principles as applied in its financial reporting.
- Supervise the implementation of IFRS standards and other changes in regulatory requirements.

(b) Compliance with laws and regulations

- Ensure that the Company's financial statements and reporting complies with the Corporations Act, Australian Accounting Standards, ASX Listing Rules and other relevant regulatory requirements.
- Monitor the laws and the regulations that relate generally to the entity's business operations and, review the Company's compliance with such laws.
- Seek advice of the Company's legal advisers on any legal matters that could have significant impact on the Company's financial statements and risk exposure.

(c) Maintenance of an effective and efficient audit

- Recommend to the Board the appointment of the external auditors.
- Review the plans of the external auditors, including any significant changes to the plans.

- Review the efficiency and effectiveness of the external auditors in relation to their responsibilities.
- Review the external auditor's fees.
- Ensure there are no unjustified limitations placed on the auditors and review any serious disputes with management during the audits.
- Ensure the scope of the audits are adequate, with emphasis on matters where the Committee, management or the auditors believe special attention is necessary.
- Meet with the external auditors and assess the findings of the audit process as well as management's response to their recommendations.
- Ensure compliance with the ASX principles of good corporate governance related to external auditors.
- Review the scope, results and effectiveness of the internal audit programs and the performance and objectivity of the internal audit function (if applicable).
- Reviewing the internal auditor's objectives, competence and resourcing (including determining whether the internal audit function is to be provided by an internal or external party provider).
- Ensuring an appropriate program of internal audit activity is conducted each financial year.
- Reviewing and monitoring the progress of an internal audit and work program (without the presence of management).
- Evaluating and critiquing management's responsiveness to internal auditor's finding and recommendations.

(d) Internal Control and Risk Management

The Audit & Risk Committee will:

- at least annually assess and approve a risk profile, a risk appetite and risk management framework which describes the material risks facing the Company (including financial and non-financial matters);
- at regular intervals assess the Company's risk profile and recommend to the Board any changes it considers necessary;
- assess and continuously monitor the internal processes for determining and managing key risk areas such as:
  - non-compliance with laws, regulations, standards and best practice guidelines (e.g. environmental and industrial relations laws where relevant);
  - important judgements and accounting estimates;
  - litigation and claims;
  - fraud and theft; and

- relevant business risks not dealt with by other Board committees.

- evaluate the independence of non-executive directors and external auditor;
- ensure that effective risk management systems are in place and that macro risks are managed, mitigated and reported to the Board at least annually;
- receive from management reports relating to suspected and actual fraud, thefts and breaches of law;
- examine the effectiveness of the internal control system with management, internal and external auditors;
- evaluate the processes for assessing and improving internal controls;
- assess existing controls management has in place for unusual transactions or transactions with more than an accepted level of risk;
- evaluate the adequacy and effectiveness of the Company's identification and management of economic, environmental and social risks and its disclosure of any material exposures to those risks;
- assess the effectiveness of and compliance with the code of ethical conduct; and
- meet periodically with key management, internal and external auditors and compliance staff to understand the entity's control environment.

3. Composition

(a) The Audit & Risk Committee shall comprise not less than two non-executive directors, the majority of whom should be independent. The Chairman of the Board will not be the Chair of the Audit Committee.

(b) The Committee may invite other persons as it deems necessary and may seek advice from such other persons as appropriate.

(c) The Audit & Risk Committee should include members who are financially literate and at least one member, to be appointed the Chairperson, who has financial expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters and/or risk and compliance experience).

(d) The secretary of the Committee should be the Company Secretary or such other person as nominated by the Board.

4. Procedural requirements

4.1 Committee procedures

(a) Meetings shall be held at least six monthly or more frequently as required. Additional meetings may be convened as required.

(b) A quorum of the Committee will comprise two members one of whom must be the Chairman of the Committee.

(c) The Committee may meet with the external auditor from time to time, in separate executive sessions to discuss relevant matters.

(d) The proceedings of all meetings will be recorded in minutes to be approved by the Committee. The minutes of the Committee shall be made available at the next full Board meeting of the Company.

(e) Regular reports shall be provided to the Board including:

- assessment of the management processes supporting external reporting;
- procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- assessment of the performance and independence of the external auditors and whether the Audit & Risk Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
- the results of its review of internal compliance and control systems;
- the results of its review of the Company's risk management systems and reporting

(f) Committee members may receive directly or indirectly a separate fee from the Company, other than the remuneration received as a Director of the Company, in his or her capacity as a member of the Committee.

4.2 Authorities

(a) The Board authorises the Committee, within the scope of its responsibilities, to seek any information it requires from any Company employee or contractor. Any costs will be borne by the Company.

(b) The Committee may obtain independent professional advice on relevant matters at the expense of the Company.

(c) The Committee is a review Committee and makes recommendations to the Board for consideration. It has no decision-making authority and holds no delegated authorities from the Board.

5. Revisions of this Charter

This charter of the Audit & Risk Committee must be approved by the Board of the Company.

The Committee is responsible for review of the effectiveness of this charter and the operations of the Audit & Risk Committee and for making recommendations to the Board of any amendments.