



Hastie Group Limited

Hastie Group Ltd (The Company)

AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

Last Review Date: 26 August 2008

1. Role of the Audit and Risk Management Committee

The role of the Hastie Group Limited Audit and Risk Management Committee is to assist the Board in the discharge of its responsibilities relating to:

- quality and reliability of financial accounting;
- ethical compliance;
- risk management and internal control systems;
- external reporting; and
- the internal and external audit function.

The Committee fulfils this role through regular reports and recommendations to the Board.

2. Authority

The Committee has authority from the Board to review, investigate and make recommendations in relation to any matter within the scope of this charter. The Board, however, retains ultimate responsibility for such matters.

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

- seek information it requires from employees and external parties; and

- obtain outside legal or other professional advice, at the Company's expense.

3. Composition and meetings

The Committee will consist of at least three non-executive directors:

- the majority of whom must be independent;
- all of whom must be able to read and understand financial statements;
- at least one of whom must have a comprehensive financial background; and
- some of whom have an understanding of the industry in which the Company operates.

The Committee may meet with, and seek explanations and additional information from, management and the external auditor, as and when required.

The Board will appoint the Chair of the Committee (who is independent and is not also the Chair of the Board) and formally approve all changes to members and their remuneration. The company secretary, or his or her delegate, will act as secretary to the Committee.

The Committee will schedule regular meetings to enable it to undertake its role effectively and to maintain open lines of communications among the Board and auditors. Minutes of Committee meetings will be kept and included in the papers for the next Board meeting after each Committee meeting.

4. Duties

The Committee's duties are to:

- oversee and appraise the coverage and quality of the audits conducted by any internal or external auditors;
- serve as an independent and objective party to review the financial information presented by management to the Board and subsequently to shareholders, regulators and the general public;
- ensure the Company's administrative, operating and accounting controls are adequate;
- ensure the independence of the external Auditor is maintained in relation to any non audit related services provided by the auditor;

- review the risk management practices adopted across all material aspects of the Company's operations; and
- perform other oversight functions as requested by the Board.

5. Responsibilities

Financial Accounting Compliance

The Committee is responsible for reviewing and recommending all significant accounting policy changes and for evaluating the adequacy and effectiveness of the Company's:

- administrative, operating and accounting policies;
- management information and processes and accounting control system; and
- policies to reduce exposure to fraud.

Ethical Compliance

The Committee is responsible for ensuring that management pays due attention to ethical considerations in implementing the Company's policies and practices. It also monitors the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest.

Risk Management

The Committee is responsible for evaluating, at least annually, the processes for:

- determining and managing key risk areas; and
- assessing and continuously improving internal controls, particularly those related to areas of material financial and non-financial risk.

It will also ensure the Company has an effective risk management system and that major risks are reported to the Board. The risk management system will include controls for any transactions that carry an unacceptable degree of risk.

External Reporting

The Committee is responsible for reviewing the accuracy and integrity of the following documents and then making recommendations to the Board:

- all financial and regulatory reports;
- the annual financial statements and reports; and
- the half-yearly and annual formal announcement of results to the Securities Exchange.

The Committee will also assess whether the above documents are adequate for shareholder needs.

The Committee will also review:

- any correspondence from regulators and others regarding the Company's financial reporting or related matters and monitor management's response to them;
- significant transactions outside the Company's normal business; and
- major outstanding contingent liabilities, including existing and potential legal actions against the Company or its Board.

Oversight of the Audit Function

Internal Audit

At this stage the Company has not implemented an internal audit function. If the Company implements an internal audit function, the Committee will:

- assess the performance and objectivity of the internal audit function; and
- make recommendations for the appointment or, if necessary, dismissal of the head of internal audit.

External Audit

The Committee is responsible for recommending external auditors to the Board, approving their audit plan and fee, and evaluating their effectiveness. It also plays a central role in assessing external auditor independence (including reporting to the Board on whether the Committee is satisfied that the provision of any non-audit services by the external auditor has not compromised the auditor's independence) and ensuring external auditors have appropriate access to management information.

Ensuring external auditor independence

The Committee will ensure that:

- past or present lead audit partners of the firm currently engaged as the Company's external auditor are not eligible for appointment to the Board; and
- the lead audit partner will be required to rotate off the audit after their involvement for a maximum of five years, and there will be a period of at least three years before that partner can be involved in the audit again.

In addition, the Committee will require the external auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence.

Provision of Non-Audit Services by External Auditors

- the Board of the Company believes it is not appropriate for the external auditor to express an opinion on its own work. The external auditors will therefore not provide investigations or consulting services that conflict with the role of statutory auditor; and
- the external auditors may be permitted to provide non-audit services where their detailed knowledge of the Company's activities could permit cost and output efficiencies, provided stringent independence requirements are satisfied. These services must be approved by the Chair.

6. Assessment

The Committee and the Board will review the performance of the Committee, including a review of individual Committee members, on a regular basis.

7. Charter review

The Committee will regularly review this Charter, and make recommendations to the Board in relation to any proposed changes to this charter.