

**ADSLOT LTD**

**AUDIT AND RISK COMMITTEE CHARTER**

## **1.0 Background**

The Board of Adslot Ltd (“the Company”) has determined that the Company will follow best practice in corporate governance and establish an Audit and Risk Committee (“the Committee”). This Charter governs the scope, composition and conduct of this Committee.

Audit and Risk Committees have a key role in assisting the Board to fulfill its corporate governance objectives in relation to financial reporting, internal controls, risk management and audit.

## **2.0 Membership**

The Committee is a committee of the Board.

The Committee will be members of and be appointed by the Board of Directors. The Committee will comprise at least three members of which the majority shall be non-executive directors that have diverse, complimentary backgrounds. All members shall be financially literate or be made financially literate within a reasonable period of time after appointment.

The Chairman of the Committee shall be a non-executive director, other than the Chairman of the Board, and shall be appointed by the Board. The Chairman should have a strong finance, accounting and/or business background.

Members of the Committee shall be appointed for a minimum of two years, after which time, subject to their continuing appointment as a director of Adslot Ltd, shall be eligible for reappointment. The terms of appointment for Committee members are to give consideration to both continuity of membership and a fresh perspective, having regard to the changing needs of the Company.

The Secretary to the Board shall be the Secretary to the Committee.

Non-Committee members may attend meetings by invitation including the Chief Executive Officer, Chief Financial Officer, external auditors and other specialists as deemed appropriate by the Committee.

Members must immediately inform the Board of any conflicts of interest that arise.

## **3.0 Committee Meetings**

The Committee will meet at least two times each year. These meetings will be to:

- a) Review and approve external audit plans;
- b) Review and approve internal audit plans (if required);
- c) Review and approve and Half Year and Annual Financial Report;
- d) Consider the Company’s risk management and internal control systems.

A quorum for meetings will be two members.

#### **4.0 Purpose**

The primary purpose of the Committee is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and the internal and external audit functions.

The Committee will ensure that it understands the Company's business, structure, controls and types of transactions in order to adequately assess the risks faced by the Company in its internal and external operating environments.

#### **5.0 Duties and Responsibilities**

The duties and responsibilities of the Committee shall include the following:

##### **5.1 Financial Reporting**

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board. The Board of Directors has ultimate responsibility for the Company's financial reports, including the appropriateness of the accounting policies and principles used by the Company.

The Committee's specific duties include the following:

- a) reviewing and assessing the adequacy and effectiveness of the Company's internal controls including the accounting and financial controls;
- b) reviewing the accounting policies adopted by management and ensuring appropriate application of Australian accounting standards with particular attention to significant changes to accounting policies and practices, major areas requiring judgment, material audit adjustments and related party transactions.
- c) reviewing and approving published financial statements, including the annual statutory financial statements and the ASX Appendices at both half year and full year, prior to submission to the Board for approval.
- d) reviewing and approving other externally published financial information that requires approval by the Board;
- e) reviewing all representation letters signed by Management to ensure that the information is complete and appropriate.

##### **5.2 External Audit**

Facilitating the external audit process, both in planning and reporting, and addressing issues raised by the external auditors including:

- a) obtaining engagement letters from the auditors, covering both half yearly ASX reporting and full year ASX and statutory reporting, which confirm the acceptance of appointment and the objective and scope of their work;
- b) reviewing the auditors fee and ensuring that a comprehensive and complete audit is being conducted for the agreed fee;
- c) reviewing the auditors independence;
- d) reviewing the effectiveness and performance of the auditors from time to time including satisfying themselves that the auditor has sufficient relevant expertise to audit the Company; and

- e) recommending to the Board, when required, the appointment and replacement of external auditors.

The Committee will provide sufficient opportunity for the external auditors to meet privately with the Committee, without the presence of Management, to discuss any issues or concerns warranting the Company's attention. This should occur on at least an annual basis.

The Committee will be required to approve all non-audit services provided by the external auditor to ensure that the judgment and independence of the auditor will not be impaired.

### **5.3 Risk Management**

- a) Reviewing and assessing the adequacy and effectiveness of the Company's risk management system for identifying business risks, including the conduct of its legal and compliance programs.
- b) Regularly reviewing the status of identified business risks and Management's adherence to published risk management practices.

The Committee should be immediately informed of all legal and other complaints made against the Company.

### **6.0 Access**

In order to discharge its duties, the Committee shall have free and open access and communication with the Management of the Company, the external auditor and other external advisers to the Company where required for specific matters.

The Committee is empowered to investigate any matter brought to its attention with full access to all books and records, facilities and personnel of the Company and has the authority to seek independent professional advice as it deems necessary to carry out its duties.

### **7.0 Reporting**

The Chairman of the Committee shall report to the Board subsequent to each Committee meeting. Such reporting shall include:

- a) copies of Agenda's and minutes of meetings;
- b) results of external audit process;
- c) formal resolutions; and
- d) details of other material issues of which the Board should be informed.

### **8.0 Non-Consensus**

Where the Committee is unable to reach a consensus on the matter, the Chairman of the Committee shall report this to the Board. The Board shall determine whether or not the matter can be resolved by it or by independent advice.

### **9.0 Committee Performance**

The performance of the Committee will be informally reviewed by the Board annually.

## **10.0 Charter Review**

The Committee Charter shall be reviewed annually and revised as required.