



# MORETON RESOURCES LTD

AUDIT AND RISK

COMMITTEE CHARTER

May 2016

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## 1. Overview – Purpose

The Audit & Risk Committee (**the Committee**) is established by the Board of Directors of Moreton Resources Limited (**the Company** or **Moreton**).

The purpose of the Committee is to:

1.1 Assist the Board in relation to review and monitoring of:

- Keeping and reporting of financial information in accordance with Company policy and the law;
- The application of Moreton's accounting policies;
- The Company's internal control systems;
- Compliance with applicable laws and policies;
- Assessment and control of business risks, including insurance;
- Compliance with the ASX Listing Rules and corporate governance processes; and
- Assessment and control of economic, environmental and social sustainability risks.

1.2 Provide a communication forum between the Board, internal and external auditors and senior management in relation to the matters set out in paragraph 1.1.

1.3 Review and monitor internal and external audit functions.

The Committee may also carry out other responsibilities and functions that may be delegated to it by the Board.

## 2. Membership

The Board shall determine the size and composition of the Committee.

The Committee should comprise a majority of independent non-executive directors and ideally three, but not less than two members. The Chairperson of the Committee is nominated by the Board. The Chairperson of the Board is not eligible to be the Chairperson of the Committee.

## 3. Meetings

The Committee will meet as required, but must hold a meeting in the two month period prior to the release of the Company's half and full year financial results.

The Committee may invite other persons, including Board members, executives or external advisors to attend meetings, if the Chairperson considers it is appropriate. The quorum for a meeting shall be two members, at least one of whom must be an independent director. Each member of the Committee will have one vote, and the Chairperson will not have a casting vote.

#### **4. Secretary**

The Company Secretary will act as Secretary of the Committee and will attend all Committee meetings.

#### **5. Reporting**

The Chairperson of the Committee must report the findings and recommendations of the Committee to the next Board meeting, subsequent to each meeting of the Committee. The minutes of all Committee meetings will be circulated to the Board by the Company Secretary.

#### **6. Responsibilities**

##### *6.1 Financial Reporting*

The Committee will review with senior management and the external auditor and make recommendations to the Board in relation to approval of financial statements and reports intended for publication.

In regard to the interim and final financial statements, the Committee will review representation letters signed by senior management to ensure all relevant matters are addressed, including the declarations required by section 295A of the *Corporations Act 2001* (Cth), and the matters set out in Recommendation 4.2 of the *ASX Corporate Governance Council Principles & Recommendations* (3<sup>rd</sup> Edition).

The Committee will review the results of the half-year review and full year audit and any other matters required to be communicated to the Committee by the external auditor under accepted auditing standards, including significant financial reporting issues and judgements made in preparation of the Company's financial statements.

##### *6.2 Internal Controls and Risk Management*

The Committee's responsibilities regarding risk management and internal controls are:

- Overseeing the establishment and implementation of risk management and internal control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
- Reviewing, at least annually, and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - Identifying, assessing, monitoring and managing risk; and
  - Disclosing any material change to the Group's risk profile;and
- Receiving regular reports from Management concerning the Group's material risks in order to assess the internal processes for determining, monitoring and managing those risks.

### 6.3 External Audit

The Committee is responsible for making recommendations to the Board regarding the appointment, reappointment or replacement (subject to shareholder ratification), remuneration, monitoring of the effectiveness and independence of the external auditor.

The Committee shall consider and pre-approve all audit and non-audit services provided by the external auditor, and will not engage the external auditor to provide any non-audit or assurance services that may impair or appear to impair the external auditor's judgement or independence. Pre-approval authority may be delegated to the Chairperson of the Committee.

The Committee will make a recommendation to the Board regarding statements to be made in the Directors' Report in accordance with the *Corporations Act 2001* (Cth) in relation to non-audit services.

On an annual basis, the Committee will obtain and review a report from the external auditor regarding:

- The overall scope of the external audit, including identified risk areas and any additional agreed procedures;
- The audit firm's internal quality control procedures;
- Any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, and any steps taken to address those issues;
- All relationships between the external auditor and the Company (to assess the auditor's independence); and
- The Committee will make its recommendation to the Board on the appointment of the external auditor on the basis of it being satisfied the auditor will provide sound and professional audit services in accordance with the review.

### 6.4 Other Responsibilities

Other responsibilities of the Committee are:

- Assessing and recommending to the Board the scope, cover and cost of insurance;
- Ensuring that the Company discloses whether, and if so how, it has regard to, and manages, economic, environmental and social sustainability risks; and
- Reviewing and monitoring any related party transaction and recommending its approval.

## 7. Access to Information & Advice

7.1 In carrying out its role and responsibilities, the Committee has access to, and may receive advice from employees of the Company, and from the external auditors.

7.2 The Committee may meet with external auditors, other advisers, employees or any other non-executive Directors without senior management being present.

- 7.3 The Committee may obtain independent legal, accounting or other professional advice for the purposes of carrying out its functions, at the reasonable expense of the Company. Any request for such advice must be approved by the Chairperson of the Board, unless a conflict exists or to do so would be inconsistent with the Committee's responsibilities, in which case the advice may be obtained with the approval of the Chair of the Committee.

## **8. Review and Availability of Charter**

The Committee and the Board shall review the Charter periodically to ensure its relevance, effectiveness and consistency with best practice.

This Charter will be made readily accessible on the Company's website.

Board Approved: April 2015  
Board Reviewed: May 2016

### **Who to contact**

If you are in any doubt regarding the application or operation of this Charter you should contact the Company Secretary.