

## Audit Committee Charter

### A. ROLE

The Audit Committee (Committee) will assist the Board of Directors (“**Board**”) of EVE Investments Limited (“**the Company**”) to meet its oversight responsibilities in relation to the Company’s financial reporting and external audit functions, internal control structure and risk management procedures. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, the external auditors, and the management of the Company.

### B. ADMINISTRATION OF COMMITTEE

#### 1. Membership

The Committee shall be appointed by the Board. Members shall be appointed for one-year terms and may serve consecutive terms. In appointing members to the Committee, the Board shall ensure continuity of membership on the Committee.

The Committee shall be comprised of two members appointed by the Board, which due to the Company’s size need not be independent. The Board will appoint one of these members as the chairman of the Committee annually following the election of directors of the Company at the Annual General Meeting of shareholders.

Each member of the Committee shall:

- (a) be a member of the Board;
- (b) have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

#### 2. Chairman

The Chairman of the Board (Chairman) shall appoint the Committee Chairman who shall be a person other than the Chairman. The Committee Chairman shall be approved for a one-year term. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as chairman for that meeting.

#### 3. Meetings

- (a) The Committee shall meet as frequently as required but not less than two times per year.
- (b) Any Committee member or the Company Secretary (Secretary) may call a meeting of the Committee.
- (c) A notice of each meeting shall be forwarded to each Committee member prior to the date of the meeting.
- (d) The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate.
- (e) Minutes and resolutions of the Committee shall be maintained by the Secretary and distributed to all Committee Members and the Chairman following approval by the Committee Chairman.
- (f) The Committee Chairman, or delegate, shall report to the Board at the next meeting.
- (g) Committee minutes and papers may be made available to any director following a request to the Committee Chairman, providing no conflict of interest exists.

#### **4. Attendance at Meetings**

- (a) A quorum will comprise any two Committee members.
- (b) Each member shall have one vote and the Committee Chairman shall not have a second or casting vote.
- (c) If a member of the Committee is absent then his or her vote may be cast by any other Committee member in accordance with his or her instructions.
- (d) The Chairman, if not a member of the Committee, may attend meetings, ex officio.
- (e) The Chief Financial Officer (CFO), the Secretary or his/her nominee (acting as meeting secretary) and representative(s) of the external auditors may attend meetings by invitation.

#### **C. DUTIES**

The duties of the Committee include:

##### **1. Internal Control**

- (a) The Committee shall keep under review the effectiveness of the Company's financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of risks.
- (b) It is the responsibility of the General Manager and other officers of the Company to ensure that the Company operates within a sound structure of internal controls and procedures and within an approved risk management framework as adopted by this Committee.

##### **2. Financial Statements**

- (a) The Committee shall review, prior to public disclosure, and challenge where necessary the Company's financial statements, taking into account:
  - (i) critical accounting policies and practices and any changes in them;
  - (ii) decisions requiring a major element of judgment;
  - (iii) the extent to which the financial statements are affected by any unusual transactions;
  - (iv) the clarity of disclosures;
  - (v) significant adjustments resulting from the audit;
  - (vi) the going concern assumption;
  - (vii) compliance with accounting standards;
  - (viii) compliance with stock exchange and other legal requirements; and
  - (ix) whether the General Manager certifies to the Board firstly, as to the truth & fairness of the financial statements and their compliance with relevant accounting standards and secondly, as to whether the statements are founded on a reliable system of risk management and internal control.
- (b) The Committee shall review the other financial information to be included in the annual report and shall recommend approval to the Board.
- (c) The Committee shall review the Annual Information Form (including risk factors that could materially affect the business of the Company) and shall recommend approval to the Board.
- (d) The Committee shall review Management's Discussion and Analysis of financial condition and operating results relating to financial statements prior to public disclosure and shall recommend approval to the Board.
- (e) The Committee shall review any press release relating to financial statements or financial results (including any financial guidance or updates thereto) prior to public disclosure and shall recommend approval to the Board.

### 3. Audit

#### External Audit

- (a) The external auditor is accountable to the Board and the Committee. The Board and the Committee, subject to the approval of the Company's shareholders, have the ultimate authority and responsibility to select, evaluate and, where appropriate, recommend replacement of the external auditor. The Committee shall ensure that key partners within the appointed firm are rotated from time to time in accordance with Board policy.
- (b) The Committee shall recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services. The Committee acknowledges the requirement that the Company's external auditor must be independent of the Company in accordance with any applicable laws.
- (c) The Committee shall recommend to the Board the compensation/remuneration of the external auditor.
- (d) The external auditor shall report directly to the Committee, and the Committee shall have authority to communicate directly with the external auditor.
- (e) The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (f) The Committee shall ensure that the external auditor is independent and objective and that the Committee receives from the external auditor a formal written statement describing any and all relationships between the external auditor and the Company. The Committee shall engage in a dialogue with the external auditor with respect to any disclosed relationships or services that could impact the objectivity and independence of the external auditor and may take, or recommend that the Board take, appropriate action to ensure the independence of the external auditor.
- (g) The Committee shall ensure that the external auditor is satisfied that the accounting estimates and judgments made by management, and management's selection of accounting principles, reflect an appropriate application of International Financial Reporting Standards.
- (h) The Committee shall develop a relationship with the external auditor that allows for full, frank and timely discussion of all material issues. The Committee shall meet on a regular basis with the external auditor, without management present.
- (i) The Committee shall confirm with the external auditor the external auditor's judgment of the acceptability and quality of the Company's accounting principles as applied in the Company's financial reporting including, without limitation, disclosure, degree of aggressiveness or conservatism in the accounting principles and underlying estimates, and other significant decisions made by management in preparing the Company's financial reporting and disclosure materials.
- (j) The Committee shall review the planning and results of the external audit, including:
  - (i) review the external auditor's engagement letter;
  - (ii) review the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines;
  - (iii) review the post-audit management letter together with management's response;
  - (iv) review the form of the audit report;
  - (v) review any other related audit engagements; and
  - (vi) assess the external auditor's performance.
- (k) The Committee shall review and approve the Company's hiring policies regarding current and former partners and employees of current and former external auditors.

## Internal Audit

The Company is not currently of a size that can support an internal audit function. It is the opinion of the Board that the cost of establishing and maintaining such a function outweighs the potential benefits that may be obtained from one. The Committee will, however, review the need for an internal audit function on a regular basis.

## Pre-Approval of Non-Audit Services

- (a) The Committee shall pre-approve all services to be provided to the Company or its subsidiaries by the external auditor.
- (b) The Committee may satisfy the pre-approval requirement by delegating authority to pre-approve non-audit services to one or more members, which pre-approval must be presented by the member(s) to the full Committee at its next scheduled meeting.
- (c) The Committee may satisfy the pre-approval requirement by adopting specific policies and procedures for the engagement of non-audit services provided that:
  - (i) the policies and procedures are detailed;
  - (ii) the Committee is informed of each non-audit service; and
  - (iii) the procedures do not include delegation of the Committee's responsibilities to management.

## Accounting Systems and Practices

- (a) The Committee shall keep under review the consistency of accounting policies both on a year-to-year basis and across the Company group.
- (b) The Committee shall obtain reasonable assurance, from discussions with and reports from management and external auditors, that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively.
- (c) The Committee shall direct the external auditors' examinations to additional particular areas, where appropriate.
- (d) Where appropriate, the Committee shall request the external auditors to undertake special examinations.
- (e) The Committee shall review control weaknesses identified by the external auditors, together with management's response.
- (f) The Committee shall review and recommend to the Board the appointments of the CFO and any other key financial executives comprising management.
- (g) The Committee shall recommend to the Board the policies and practices for the payment, monitoring and review of the expenses of the Board and officers of the Company who report directly to the Board.
- (h) The Committee shall satisfy itself that adequate procedures and controls are in place to ensure compliance with the disclosure policy for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (other than documents or information already reviewed by the Committee). The Committee shall periodically assess the adequacy of such procedures and controls.

## 4. Reporting Responsibilities

- (a) The Committee Chairman shall report to the Board, at the next following Board meeting, on the proceedings of each meeting of the Committee, bringing forward all recommendations of the Committee that require Board endorsement or approval.
- (b) On an annual basis, the Committee shall report to the Board and shareholders of the company on all matters relevant to the performance of its role and the discharge of its duties during the period, having regard to corporate governance

guidelines and best practice recommendations established by the Australian Stock Exchange. The report should contain all matters relevant to the committee's role and responsibilities, including:

- (i) assessment of whether external reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
- (ii) assessment of the management processes supporting external reporting;
- (iii) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (iv) recommendations for the appointment or removal of an auditor;
- (v) assessment of the performance and independence of the external auditors and whether the audit committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
- (vi) assessment of the performance and objectivity of the internal audit function; and
- (vii) the results of its review of risk management and internal compliance and control systems.

## **5. Risk Management**

The Committee's specific risk management responsibilities include:

- (a) monitoring and assessing the risk exposure of the Company for regulatory, systems & IT, business and operational risks through effective risk management strategies;
- (b) reviewing treasury policy and procedures;
- (c) reviewing and approving hedging strategies;
- (d) reviewing the adequacy of insurances; and
- (e) reviewing and ensuring compliance with Occupational Health and Safety and Environmental procedures.

## **6. Litigation**

The Committee shall review with management and the external auditor and, as considered appropriate by the Committee, with outside legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Company, and the manner in which any such litigation, claim or contingency has been disclosed in the Company's financial statements and disclosure documents.

## **7. Statutory Responsibilities**

- (a) The Committee shall obtain reasonable assurance from management about the process for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information.
- (b) The Committee shall review the contents of any prospectus or similar document, including the financial statements contained therein, and recommend to the Board the approval of any financial statements contained therein that have not previously been approved.
- (c) The Committee shall comply with and carry out the duties of an audit committee as prescribed in applicable legislative and regulatory provisions.

## **8. Review of Committee Performance**

The Committee will annually revisit its objectives and duties and evaluate the effectiveness of its performance.

## **D. AUTHORITY OF THE COMMITTEE**

The Committee has the authority:

- (a) to seek any information it requires from any employee of the Company and from the external auditor in order to perform its duties;
- (b) to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Charter;
- (c) to call any member of staff to be questioned at a meeting of the Committee as and when required; and
- (d) to approve accounting policies and procedures and auditing methodology (issues of material importance, however, will be referred to the Board with the Committee's recommendation).

## **E. CONFLICT**

In the event of any conflict between this Charter and any other relevant legal requirements, including those of the ASX, the Corporations Act 2001 (Cth), and applicable securities laws, the Committee shall immediately bring the conflict to the attention of the Board which shall resolve such conflict upon consultation with the Company's legal advisors.