

**AUSTOCK GROUP LTD
AUDIT COMMITTEE CHARTER**

1. PURPOSE

- 1.1 The Audit Committee ("Committee") is a committee of the Austock Group Limited ("Austock") Board ("the Board"). This charter governs the operations of the Committee.
- 1.2 The Committee's primary function is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to Austock's financial reporting, internal control structure, risk management systems, and the external audit function.
- 1.3 In performing its functions, it is the responsibility of the Committee to maintain free and open communication between the Committee, external auditors and management of Austock.

2. MEMBERSHIP

- 2.1 The Committee shall be appointed by the Board and shall comprise at least three directors that have diverse complementary backgrounds, with the majority being independent in accordance with Austock's Board Charter.
- 2.2 All Committee members shall be financially literate, or become financially literate within a reasonable period of time after appointment. Furthermore, at least one member shall have accounting and/or related financial management expertise as determined by the Board.

3. CHAIRMAN

- 3.1 The Chairman of the Committee will be the person appointed by the Chairman of the Board.
- 3.2 The Chairman of the Committee must be independent and must have leadership experience and a strong finance, accounting and/or business background.
- 3.3 Should the Chairman be absent from a meeting, the members of the Committee present at the meeting shall choose one of the other members of the Committee to Chair that particular meeting.

4. SECRETARY

- 4.1 The Company Secretary will be the Secretary of the Committee.

5. MEETINGS

- 5.1 The Committee shall meet at least four times each year. The purpose of these meetings shall be to:
- (1) Review and approve external audit plans.
 - (2) If Austock is required to prepare a half-yearly financial report, review and approve the half-year financial report.
 - (3) Update the external audit plans.

- (4) Review and approve the annual financial report.
- (5) Review and discuss the outcomes of the external audits.

5.2 Furthermore, the Committee shall meet in private session at least annually to assess management's effectiveness.

6. VOTING

- 6.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 6.2 In the case of equality of votes, the Chairman of the meeting, in addition to his deliberative vote, has a casting vote.

7. ACCESS

- 7.1 In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of Austock and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

8. DUTIES AND RESPONSIBILITIES

- 8.1 The Committee shall ensure it understands Austock's structure, controls, and types of transactions in order to adequately assess the significant risks faced by Austock in the current environment.

9. FINANCIAL REPORTING

- 9.1 The primary responsibility of the Audit Committee is to oversee Austock's financial reporting process on behalf of the Board and report the results of its activities to the Board.
- 9.2 Whilst the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits.
- 9.3 The Board is responsible for Austock's financial reports including the appropriateness of the accounting policies and principles that are used by Austock. The external auditors are responsible for auditing Austock's financial reports and for reviewing the unaudited interim financial reports.
- 9.4 In carrying out its responsibilities, the Committee should remain flexible in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate 'tone' for quality financial reporting, sound business risk practices, and ethical behavior. The following shall be the principal duties and responsibilities of the Audit Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

10. ASSESSMENT OF ACCOUNTING, FINANCIAL AND INTERNAL CONTROLS

- 10.1 The Committee shall discuss with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including Austock's policies and procedures to assess, monitor, and manage business

risk, and legal and ethical compliance programs (including the Austock Code of Conduct). Any opinion obtained from the external auditors on Austock's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method.

- 10.2 The Committee shall meet separately periodically with management and the external auditors to discuss issues and concerns warranting Committee attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. The Committee shall provide sufficient opportunity for the external auditors to meet privately with the members of the Committee. The Committee shall review with the external auditor any audit problems or difficulties and managements response.
- 10.3 The Committee shall receive regular reports from the external auditor on the critical policies and practices of Austock, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

11. APPOINTMENT OF EXTERNAL AUDITORS

- 11.1 The Committee shall be directly responsible for making recommendations to the Board on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting. The Committee shall pre-approve all audit and non-audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of Austock. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Audit Committee member to whom pre- approval authority is delegated must be presented to the full Audit Committee at its next scheduled meeting.

12. ASSESSMENT OF THE EXTERNAL AUDIT

- 12.1 The Committee, at least on an annual basis, shall obtain and review a report by the external auditors describing (or meet, discuss and document the following with them):
- (1) The audit firm's internal quality control procedures.
 - (2) Any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
 - (3) All relationships between the external auditor and Austock (to assess the auditor's independence).
- 12.2 In addition, the Committee shall set clear hiring policies for employees or former employees of the external auditor in order to prevent the impairment or perceived impairment of the external auditor's judgment or independence in respect of Austock.

13. INDEPENDENCE OF THE EXTERNAL AUDIT

- 13.1 The Committee shall review and assess the independence of the external auditor, including but not limited to any relationships with Austock or any other entity that may impair or appear to impair the external auditor's judgment or independence in respect of Austock. Furthermore, the Committee shall draft an annual statement for inclusion in Austock's annual report of whether the Committee is satisfied the provision of non-audit services is compatible with external auditor independence.

14. SCOPE OF THE EXTERNAL AUDIT

- 14.1 The Committee shall discuss with the external auditors the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures. In addition, the Committee shall, also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.

15. COMMUNICATION WITH STAKEHOLDERS

- 15.1 The Committee shall review and discuss Austock press releases, as well as financial information and earnings guidance provided to external parties. The Committee shall review half-year and annual financial reports. The Committee shall review all representation letters signed by management to ensure that the information provided is complete and appropriate. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards.
- 15.2 The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by Austock regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of Austock of concerns regarding questionable accounting or auditing matters. The Committee shall receive corporate legal reports of evidence of a material violation of the Corporations Act, the ASX Listing Rules or breaches of fiduciary duty.

16. COMMITTEE PERFORMANCE

- 16.1 The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice.

17. REVIEW OF THIS CHARTER

- 17.1 The Committee shall review and reassess the charter at least annually and obtain the approval of the Board.