



**AUDIT & CORPORATE GOVERNANCE  
COMMITTEE CHARTER  
(Revised March 2009)**

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The Board hereby resolves to establish a Committee of the Board to be known as the Audit & Corporate Governance Committee.

**PURPOSE**

1. The purpose of the Audit & Corporate Governance Committee is to;
  - 1.1 Assist the Board in carrying out its responsibility to exercise due care, diligence and skill in relation to the Board's reporting of financial information, application of accounting policies, financial management, internal control systems, business policies and procedures, compliance with applicable laws and corporate governance regulations, and monitoring and controlling of business risks;
  - 1.2 Provide a formal forum for communication between the Board, auditors and senior management;
  - 1.3 Improve the effectiveness of the external audit function and the communication between the Board and the external auditors and evaluate the need for any internal audit function; and
  - 1.4 Recommend action for ultimate approval of the Board.

**MEMBERSHIP**

2. Given the size and nature of Tandou the Audit & Corporate Governance Committee shall be comprised of a Non Executive Director, as Committee Chairman, and the remaining non-executive independent directors of the Board. The Chief Executive Officer/Managing Director and Company Secretary will be invited to attend meeting at the discretion of the committee.

In the normal course of events, the external auditor and Group Financial Controller shall also be invited to attend the periodic Committee meetings.

A majority of members shall be independent non-executive directors, with two Committee members required for a quorum.

The composition of the Committee will be reviewed on an annual basis.

**SECRETARIAL AND MEETINGS**

3. The Company Secretary shall be appointed secretary of the Committee. The Secretary, in conjunction with the Committee Chairman, shall draw up an agenda, which shall be circulated at least one week prior to each meeting to the members of the Committee and the external auditors.

The Committee Chairman will call a meeting of the Audit & Corporate Governance

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Committee if so requested by any Committee member, or by the external auditors.

The external auditors should be given notice of all meetings and have the right to attend and speak.

Meetings shall be held at least 2 times per annum, to consider the half year and full year accounts, but also as required.

**RESPONSIBILITIES**

4. The Audit & Corporate Governance Committee shall consider any matters relating to the financial affairs, corporate governance and external audit of the Company and its controlled entities that it considers necessary. In addition, the Audit & Corporate Governance Committee shall examine any other matters referred to it by the Board.

The role of the Audit & Corporate Governance Committee is as follows:

**4.1 Audit**

- 4.1.1 monitor the need for an internal audit function or for any specific internal audits;
- 4.1.2 make recommendations to the Board regarding the appointment of the external auditor;
- 4.1.3 approve the audit fee and terms of engagement of the external auditors;
- 4.1.4 review external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- 4.1.5 review the performance of the external auditors;
- 4.1.6 review the type of non-audit work carried out by the external auditors (and the associated fees), to ensure that the conduct of such work does not compromise the independence of the external auditors;
- 4.1.7 review the annual declaration of independence from the external auditors; and
- 4.1.8 initiate and supervise special investigations.

**4.2 Reporting**

- 4.2.1 review significant accounting policies applied in financial reporting to ensure appropriateness for the organisation and compliance with accounting standards;

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- 4.2.2 review financial statements and other financial information distributed externally;
- 4.2.3 monitor the procedures in place to ensure that the entity is in compliance with the Corporations Act, ASX Listing Rules and other legislative and reporting requirements; and
- 4.2.4 review related party transactions and consider the adequacy of disclosure of those transactions in the financial statements.

**4.3 Risk Management**

- 4.3.1 ensure the establishment of an appropriate internal control framework, including information systems;
- 4.3.2 review reports on any major frauds and thefts from the entity and monitor procedures on fraud prevention;
- 4.3.4 ensure that management has put in place a process to identify, manage and report on the major risks facing the business;
- 4.3.6 review policies on sensitive issues or practices such as environmental issues;
- 4.3.7 review significant transactions which are not a normal part of the group's business; and
- 4.3.8 review declarations from management on compliance with statutory responsibilities.

**4.4 Corporate Governance**

- 4.4.1 monitor developments in corporate governance practices;
- 4.4.2 ensure that policies exist to deal with conflicts of interest;
- 4.4.3 review past or proposed transactions between Tandou and members of management or the Board;
- 4.4.4 make recommendations on corporate governance standards and practices to the Board; and
- 4.4.5 review documentation relating to corporate governance on an annual basis including:
  - Board Charter
  - Audit and Corporate Governance Committee Charter
  - Nominating & Review Committee Charter

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- Remuneration Committee Charter
- Board Code of Conduct
- Share Trading Policy
- Disclosure Policy
- Corporate Governance Statement

**4.4.6** changes are recommended to the Board for approval

**4.4.7**

**AUTHORITY**

5. The Audit & Corporate Governance Committee shall have the authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board of the Company to respond to such enquiries. The Audit & Corporate Governance Committee is authorized to take such independent professional advice as it considers necessary.

The Audit & Corporate Governance Committee shall have no executive powers with regard to its findings and recommendations.

**REPORTING**

6. The Chairman of the Audit & Corporate Governance Committee shall report the findings and make recommendations to the Board after each Committee meeting.

The minutes of all Committee meetings shall be circulated to members of the Board.

**PERFORMANCE**

7. The Board will assess the performance of the Committee on an annual basis.