

# **MEDIBIO LIMITED**

## **AUDIT COMMITTEE CHARTER**

### **Objective**

The Audit Committee (“the Committee”) is a sub-committee of the Board of Directors and as such assists the Directors to discharge the Board’s responsibilities of oversight and corporate governance. In this role the Committee has no executive responsibility, but is responsible for performing its duties in accordance with this charter and making recommendations to the board of Directors on the adequacy of external audit and compliance procedures. The objectives of the Committee reflect this important role and include the following:

(a) assisting the Board of Directors to discharge its responsibilities to exercise due care, diligence and skill in relation to the Company’s:

(i) application of accounting standards;

(ii) internal control system;

(iii) reporting of financial information to users of the financial reports;

(iv) establishment and management of compliance procedures over legal and regulatory requirements.

(b) improving the efficiency of the Board by delegating tasks to the Committee;

(c) facilitating the independence of the external auditor;

(d) providing a formal forum for communication between the Board and senior financial management.

### **Membership**

Where possible, the Committee will comprise at least three members of which at least two will be independent, non-executive members of the Board of Directors. At least one member of the Committee should have accounting or related financial management expertise. Any Director of the Company may attend meetings of the Committee as an observer.

### **Chairman**

(a) The Chairman of the Committee shall be a non-executive Director of the company;

(b) Where possible, the Chairman of the Board of Directors should not be the Chairman of the Committee;

The Chairman should report to the Board to provide a summary of the Committee’s work and results.

### **Secretary**

(a) The Company Secretary shall be appointed secretary of the Committee;

(b) The secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated to each member of the Committee, the Managing Director or Chief Executive Officer and others requested to attend the meeting, at least two working days prior to each meeting;

(c) The secretary should prepare the minutes of the Committee and the minutes of the Committee shall be included in the papers for the next full Board meeting after each Committee meeting.

## **Responsibilities**

### **External reporting**

To review and report to the Board on:

- (a) the Annual and Half-Yearly Financial Reports and make recommendations to the Board for adoption of these reports;
- (b) monitoring the need for internal audits;
- (c) the appropriateness of the company's material accounting policies and principles;
- (d) the adequacy of the Committee charter on an annual basis.

### **External audit**

To review and report to the Board on:

- (a) 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;
- (b) recommendations on the appointment and rotation of the external auditor and monitoring of the effectiveness and independence of the external auditor;
- (c) review of the external auditor's fee and that an effective, comprehensive and complete audit can be conducted for the set fee;
- (d) representation letters signed by management and ensure that the information provided is consistent with the Committee's knowledge;
- (e) invite the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment;
- (f) recommendations on the term of engagement with the external auditor.

## **Compliance**

To review and report to the Board on:

- (a) procedures in place to ensure that the Company is in compliance with the Corporations Act, ASX Listing Rules and other legislative and reporting requirements;
- (b) the nature and effectiveness of action plans implemented to address identified compliance weaknesses.

## **Meetings**

- (a) The Committee will meet at least two times per annum which must be prior to Board meetings at which the Half-year and Annual Financial Reports are adopted;
- (b) A quorum shall consist of two members;
- (c) The Chairman of the Committee or the Chairman of the Board may call a meeting of the Audit Committee at any time.

## **Auditor Rotation**

The audit engagement partner and the review partner are to be rotated off the assignment at least every 5 years.

**Effective date**

This Audit Committee Charter was ratified by the Board of Medibio on 16 December 2004 and amended on 31 January 2012.