



NEW HOPE
GROUP

AUDIT COMMITTEE CHARTER

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1. OBJECTIVE

The primary objective of the Audit Committee is to assist the Board of Directors to fulfil its corporate governance and overseeing responsibilities relating to:

- The financial reporting process
- The system of internal control and management of financial risk, including the risk of fraud.
- The internal and external audit process
- The company's process for monitoring compliance with laws and regulations and its own code of business conduct.
- The company's process for recognising, managing (eliminating, mitigating or minimising) and monitoring risks associated with its operations and conduct of its business activities.

Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to this charter in order to facilitate decision making by the Board.

2. MEMBERSHIP

The Audit Committee will comprise of no less than three members appointed by the Board preferably independent non-executive Directors. The Board will formally approve all changes to members of the Audit Committee.

Members should have a comprehensive financial background.

The Chairman of the Committee will be appointed by the Board from time to time. The Chairman of the Board of Directors should not be the Chairman of the Audit Committee.

3. AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any requests made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the assistance of outsiders with relevant experience and expertise if it considers this necessary, but only after consultation with the Chairman of the Board.

The Committee shall have unlimited access to both the internal and external auditors and to senior management of the Company.

4. MEETINGS

The Committee will meet at least four times a year.

The Committee may call such additional meetings as the Chairman decides are necessary for the Committee to fulfil its duties. In addition, the Chairman is required to call a meeting of the Committee when required to do so by a Committee member, the Chief Executive Officer, the Chief Financial Officer, the internal auditors or the external auditors.

The members will nominate a Secretary to the Committee who shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, if applicable to

the Committee members prior to each meeting. In preparing the agenda, the Chairman and Secretary shall consult with the internal and external auditors where appropriate. The Secretary will also be responsible for keeping and circulating minutes. The minutes of meetings will be approved by the committee and signed by the Chairman.

It is expected that the Chief Executive Officer and Chief Financial Officer will usually attend each meeting, at the discretion of the Chairman – in order that, inter alia, the Committee may be made directly aware of the views of the Company's management. Representatives of the internal and external auditors will also attend at the discretion of the Committee. The Audit Committee, or Chairman of the Audit Committee, may invite other persons to its meetings as it deems necessary, including the other Directors of the Company.

5. RESPONSIBILITIES

The Audit Committee shall:

- Evaluate the internal control environment.
- Oversee and appraise the coverage and quality of the audits conducted by the Company's internal and external auditors.
- Oversee and appraise the adequacy and quality of company's process for recognising, managing and monitoring risks associated with its operations and conduct of its business activities.
- Maintain open lines of communications among the Board, the internal auditors and the external auditors to exchange views and information, as well as confirm the auditors respective authority and responsibilities.
- Serve as an independent and objective party to review the financial information presented by management to shareholders, analysts and the general public.
- Oversee and appraise the framework for managing compliance with the Corporations Act, ASX Listing Rules and any other applicable requirements.
- Consider any other matters referred to it by the Board.

The specific duties of the Audit Committee shall be:

5.1 Internal Control

Evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.

Evaluate the Company's exposure to fraud.

Review the adequacy of the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.

Gain an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management within an appropriate timeframe.

5.2 Financial Accounting Compliance

Evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with management, internal auditors and external auditors.

Require reports from management, the internal auditors and external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Company's financial reporting process.

Evaluate the adequacy of the Company's management information and accounting control system by reviewing written reports from the internal and external auditors, and monitor management's responses and actions to correct any noted deficiencies.

Monitor the standard of corporate conduct in areas such as arms-length dealings and potential conflicts of interest.

5.3 External Reporting

Review all financial reports and any correspondence regarding the Company's financial reporting or related matters prior to their public release. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Gain an understanding of the current areas of greatest financial risk and how management is managing these effectively.

Review the annual and half year financial statements, announcement of results to the Stock Exchange with the Chief Executive Officer, the Chief Financial Officer and the external auditors, and recommend acceptance to the Board, with particular reference to:

- The nature and impact of any changes to accounting policies and practices
- Major judgmental areas
- Outstanding contingent liabilities, including existing and potential legal actions against the Group or its Board of Directors
- Significant adjustments resulting from the audit
- Compliance with accounting standards and the Corporations Law, Stock Exchange Listing Rules and other legislative and reporting requirements

Review the other sections of the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the company and its operations.

5.4 External Audit

Recommend to the Board annually or as otherwise determined by the Board, the appointment of external auditors.

Discuss problems and reservations arising before the interim and final results, and any matters the external auditor may wish to discuss. The Audit Committee, or the Chairman of the Audit Committee, may meet with the external auditors, in the absence of management as requested by either the Audit Committee or the external auditors.

Review reports prepared by external audit and management's response. Review all representation letters signed by management and be satisfied that the information provided is complete and appropriate.

Periodically assess the external auditor's independence by considering the relationships and services provided by the external auditors and others that may lead to actual or perceived lack of independence.

The external auditors may be permitted to provide non-audit services where their detailed knowledge of the Company's activities could permit cost and output efficiencies, provided stringent independence requirements are satisfied. These services, based on recommendations from management, must be approved by the Audit Committee.

The Audit Committee will require the external auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence prior to the announcement of the results for each period.

The Audit Committee will recommend to the Board, on a totally transparent basis, the appropriate disclosure in the Financial Statements of the details of fees paid to the external auditors.

5.5 Internal Audit

Recommend to the Board the appointment of the internal auditor, with the internal auditor reporting directly to the Chairman of the Audit Committee.

Review the activities and resources of the internal audit function and ensure no unjustified restrictions or limitations are made.

Ensure coordination between the internal and external auditors and management.

Monitor the progress of the internal audit program and, together with any additional investigative reviews, consider the implications for the control environment. Meet separately with the internal auditor to discuss any matters that the committee or the internal auditor believe should be discussed privately.

5.6 Risk Management

Oversee and appraise the adequacy and quality of company's process for recognising, managing and monitoring risks associated with its operations and conduct of its business activities.

Receive and endorse a biannual update from management (or more frequently as deemed necessary by the Audit Committee) on the status of the risk management program employed by the company.

Review at least annually the company's risk management framework.

Review the insurance program at least annually.

5.7 Compliance

Review the framework for identifying, monitoring and managing compliance with laws and regulations

Obtain regular updates from management in relation to compliance with significant statutory requirements.

5.8 Other Responsibilities

Review and monitor related party transactions

Perform other oversight functions as requested by the Board.

Identify and direct any special projects or investigations deemed necessary.

6. REPORTING

The Committee shall:

Update the Board about Committee activities and make appropriate recommendations.

Ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

7. REVIEWS

The Audit Committee will review its performance on an annual basis. The Audit Committee should also review this charter and its composition annually to ensure that it remains consistent with the board's objectives and responsibilities.

8. ACCESS TO CHARTER

The Audit Committee charter will be available, upon request, to all Board Directors and committee members, management, internal and external auditors, shareholders and other interested parties, as appropriate.