

HAMILTON JAMES & BRUCE GROUP LIMITED (“the Company”)

AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER

1. OVERALL PURPOSE & OBJECTIVES

- 1.1 The Board of Directors (“Board”) continuously reviews current trends and best practice in relation to corporate governance. As part of the Boards plans to fulfil this obligation it has established an Audit, Risk and Compliance Committee (hereinafter referred to as the “Committee”).
- 1.2 The principal objective of the Committee is to assist the Board in fulfilling its responsibilities to shareholders. The Committee’s main functions can be summarised as to ensure:
- effective management of financial and other material business risks
 - reliable management and financial reporting including half and full year accounts
 - compliance with laws and regulations
 - maintenance of an independent, effective and efficient external audit.
- 1.3 This Charter sets out the responsibilities that the Board have delegated to the Committee and details the manner in which it will operate.

2. RESPONSIBILITIES

Effective management of financial and other material business risks

- 2.1 To monitor the current areas of greatest operating, financial and compliance risk and ensure that management are effectively managing these risks.
- 2.2 To satisfy itself that effective systems of accounting and internal control (including management control systems and policies) are established and maintained to manage operating, financial and compliance risks.
- 2.3 To review and report to the Board that:
- the Company’s ongoing risk management programme effectively identifies all areas of potential risk;
 - adequate policies and procedures have been designed and implemented to manage identified risks;
 - the external auditors are asked, in addition to their normal audit procedures, to test the adequacy of and compliance with prescribed policies;
 - proper remedial action is undertaken to redress areas of weakness.
- 2.4 To ensure that the Board is aware of any matters that might have a significant impact on the financial condition or affairs of the Company, including ensuring that management reports to the Board at least annually as to the effectiveness of the Company’s management of its material business risks.

Reliable management and financial reporting

- 2.5 To review and assess the adequacy of management reporting to the Board in terms of the quantity, quality and timing of information necessary to understand and report both internally and externally on the Company's risks, operations and financial condition.
- 2.6 To review the Company's accounting policies and practices taking into account the Corporations Act, Australian Accounting Standards, Australian Stock Exchange requirements and generally accepted accounting principles, and to review any complaints or concerns raised regarding financial or accounting processes or practices.
- 2.7 To review the half yearly and annual financial statements, any other financial information to be released to third parties and all other sections of the annual report before submission to the Board, in light of the Corporations Act, ASX Listing Rules and all other applicable legislative and reporting requirements (including assessing whether external reporting is consistent and adequate for shareholder needs):
 - (a) To ensure that a financial reporting system founded on a sound system of risk management and controls is in place to enable the managing director and chief financial officer to give a written declaration to the Board (at least annually) in respect of the financial statements in accordance with Section 295A of the Corporations Act, and to enable those officers to give the assurance contemplated by Recommendation 7.3 of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.
 - (b) To review the declarations and assurances given to the Board by the managing director and chief financial officer in accordance with 2.7 (a) above.

Compliance with laws and regulations

- 2.8 To monitor developments and changes in the law relating to the responsibilities and liabilities of directors and to monitor and review the extent to which the Board is meeting its obligations.
- 2.9 To monitor developments and changes in the various rules, regulations and laws which relate generally to the Company's business operations and to monitor the extent to which the Company is complying with them.
- 2.10 To review and discuss with management and the external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programmes and procedures.

Maintenance of an independent, effective and efficient independent external audit

- 2.11 To recommend to the Board the appointment or removal of the external auditors and to review the external auditors terms of engagement.

- 2.12 To oversee the independence of the external auditor by ensuring that the appropriate policies and procedures are in place to enable the Company to comply with applicable laws, accounting standards and best practice with regard to the independence of the external auditor and to regularly review the application of those policies.
- 2.13 To ensure that there have been no unjustified restrictions or limitations placed on the external auditors.
- 2.14 To ensure that the scope of the external audit is adequate, ensuring emphasis is placed on areas where the Committee, management or the external auditors believe that special attention is necessary.
- 2.15 To review and assess the findings of the external auditors and the action taken and timetable proposed by management in response to those findings.

Other matters

- 2.16 To report any matter identified during the course of carrying out its duties that the Committee considers should be brought to the attention of the Board.
- 2.17 To undertake or perform on behalf of the Board any such other tasks or actions that the Board may from time to time so authorise.

3.0 ADMINISTRATIVE MATTERS

Membership and attendance at meetings

- 3.1 The Committee will comprise at least two non executive directors. Depending on the number of members, the majority will always be independent directors. A quorum will be two.
- 3.2 The Committee may invite such other persons (MD, CFO, external auditors) as it deems necessary
- 3.3 The Chairman of the Committee will be nominated by the Board from time to time and must always be an independent director who is not also Chairman of the Board.
- 3.4 It is intended that all members of the Committee should be financially literate and have familiarity with financial management.

Meetings

- 3.5 The Committee will meet as often as members deem necessary to fulfil their role. The Committee will meet at least twice a year to enable the draft Appendix 4B release to the ASX and the draft annual financial statements to be reviewed prior to presentation to the Board. The external auditors may request a meeting if they consider one necessary.
- 3.6 The proceedings of all meetings will be minuted and the minutes should ordinarily be included in the papers for the next full Board meeting after each meeting of the Committee.

Authority

3.7 The Board authorises the Committee within the scope of its responsibilities to:

- Without management present, seek any information or explanation it requires from any employee and external parties (including the external auditors),
- Obtain outside legal or other independent professional advice, and;
- Ensure the attendance of external parties with relevant experience and expertise.

3.8 The Board will provide the Committee with sufficient resources to meet its obligations under the Charter.

Board reporting

3.9 The Committee should report to the Board twice yearly summarising the activities of the Committee during the previous half year.

ISSUED DATE: September 2008

LAST UPDATED: May 2011

VERSION NO: Version 3

APPROVED BY: Company Secretary
Hamilton James & Bruce Group Limited