

CELLNET GROUP LIMITED

ACN 010 721 749

Audit Committee Charter

1. INTRODUCTION

The board of directors (**Board**) of Cellnet Group Limited (**Company**) has established an Audit Committee (**Committee**) which operates in accordance with this charter (**Charter**) and the constitution of the Company.

2. ROLE AND RESPONSIBILITIES

2.1. The Committee will assist the Board to verify and safeguard the integrity of the Company's financial reporting, internal control structure, risk management systems and the external audit functions.

2.2. In discharging its role, the Committee will investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company.

2.3. The primary responsibilities of the Committee will be to review and report to the Board on the following matters, as explained in further detail in paragraph 7:

- financial integrity;
- audit effectiveness;
- business, economic, social and environmental sustainability risks; and
- corporate governance controls.

2.4. Other objectives of the Committee include:

- improving the credibility and objectivity of the accountability process, including financial reporting;
- overseeing the effectiveness of the internal and external audit functions and providing a forum for communication between the Board and the internal and external auditors;
- ensuring the independence of the external auditor;
- providing a structured reporting line for internal audit and monitoring the effectiveness and independence of the internal auditor;
- assuring the quality of internal and external reporting of financial and non-financial information; and
- ensuring an ethical culture has been embedded throughout the Company.

2.5. The Committee will monitor management's financial reporting system to enable the Chief Executive Officer 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 295 (A) of the *Corporations Act 2001* (Cth) (**Corporations Act**), and recommendations 4.2 and 7.2 of the ASX Corporate Governance Council Principles of Good Governance and Best Practice Recommendations.

2.6. The Committee will review the declarations given to the Board by the Chief Executive Officer and Chief Financial Officer in accordance with paragraph 2.5.

3. COMPOSITION

- 3.1. The Committee will comprise at least three members. The Committee members:
- must preferably be non-executive directors of the Company;
 - should be financially literate and have a familiarity with finance and accounting principles and understand the operational, financial and strategic risk profile of the Company;
 - will be appointed by the Board; and
 - must select a Committee member as Chairman of the Committee, who must not be the Chairman of the Board.
- 3.2. Appointment as a member of the Committee is automatically terminated when the person ceases to be a director of the Company.
- 3.3. The duties and responsibilities of a member of the Committee are in addition to those set out for a director of the Company.

4. MEETINGS

- 4.1. The Committee may with the approval of the Chairman conduct meetings by telephone or videoconference provided that all Committee members involved in the meeting are able to participate in discussion.
- 4.2. The Committee will meet at least twice each year to coincide with the half-year and annual financial reporting of the Company. The Committee will also meet at any other time the Chairman considers appropriate. Each Committee member is entitled to reasonable notice of a meeting.
- 4.3. The Chairman will call a meeting of the Committee if so requested by any member of the Committee, the external auditor or the Chairman of the Board.
- 4.4. The quorum for a meeting will comprise any two Committee members or any greater number determined by the Committee from time to time.
- 4.5. The Committee may invite any executives and other parties, external to the Company, to attend any meeting of the Committee.

5. SCOPE, ACCESS, AUTHORITY

- 5.1. The Committee is authorised to:
- appoint, compensate and oversee the work of the external auditor;
 - resolve any disagreements between management and the external auditor on financial reporting; and
 - pre-approve all auditing and non-audit services.
- 5.2. The Committee has direct access to the external auditor.
- 5.3. The Committee has the authority to seek any information it requires to carry out its duties from any officer or employee of the Company.
- 5.4. The Committee has authority to consult any independent professional advisers it considers appropriate to assist in meeting its responsibilities.

6. REPORTING

- 6.1. The Chairman of the Committee will provide a verbal report to the Board at the earliest possible Board meeting after each Committee meeting. Minutes of the Committee will be tabled when available.
- 6.2. The Committee will prepare and submit to the Board any additional reports as appropriate.

7. PRIMARY DUTIES

The Committee assists the Board in discharging its responsibilities to exercise due care, diligence and skill in relation to the Company in the following areas:

7.1. *Financial Integrity*

- 7.1.1. The Committee will review all audited financial statements intended for public release prior to recommending their adoption by the Board.
- 7.1.2. In undertaking reviews of financial and external reporting the Committee will do so from the shareholders' perspective and with a view to ensuring the information is adequate for their needs.

7.2. *Audit Effectiveness*

- 7.2.1. The Committee will review the performance of the external auditor on an annual basis and will meet with them during the year to discuss audit plans, the terms of engagement, review any significant changes in the corporate structure and assess changes in accounting policies likely to impact the financial statements.
- 7.2.2. The Committee is responsible for ensuring that the external auditor meets the required standards for auditor independence.
- 7.2.3. The Committee will assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence and providing advice to the Board whether these services are compatible with the general standard of independence of auditors imposed by the Corporations Act.

7.3. *Internal Control and Risk Management*

- 7.3.1. The Committee will review and recommend to the Board for adoption policies and procedures on risk oversight and management so as to establish an effective and efficient system for:
 - identifying, assessing, monitoring and managing risk;
 - ensuring accountability at a senior management level for risk oversight and management; and
 - appropriate disclosure.
- 7.3.2. The Committee will review the Company's risk profile ensuring a regular update including an assessment and prioritisation of risks.
- 7.3.3. The Committee will overview the effectiveness of the Company's risk management, internal compliance and control systems with particular emphasis on financial risk management.
- 7.3.4. The Committee will review and report to the Board on the adequacy of the Company's risk management, and internal compliance and control systems policy at least annually.
- 7.3.5. The Committee will monitor and review processes and procedures for ensuring compliance with laws, regulations and other requirements relating to the external reporting by the Company of financial and non-financial information.
- 7.3.6. The Committee will monitor and report to the Board on management's responsiveness to recommendations made by the external auditors.
- 7.3.7. The Committee will monitor and review the Company's exposure to fraud.

7.4. Corporate Governance Controls

- 7.4.1. The Committee is responsible for the oversight of management's application of the ASX Corporate Governance Council Guidelines in respect of financial reporting and risk oversight.
- 7.4.2. The Committee monitors the management risk relating to corporate governance and market integrity and maintenance of appropriate controls against conflicts of interest and fraud.
- 7.4.3. With the approval of the Board, the Committee will investigate other areas with the objective of enhancing protection against risk and corporate governance failures.

8. CONFLICTS OF INTEREST

Committee members will be invited to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from committee discussions on the issue where a conflict exists.

9. PERFORMANCE REVIEW / AMENDING THE CHARTER

- 9.1. The Committee must review its Charter and performance annually, or otherwise, as it considers necessary.
- 9.2. The Charter may be amended at any time by a resolution of the Board.

10. ACCESS TO CHARTER

The Charter is available to the Board, management, external auditors, shareholders and other interested parties as appropriate.