



Audit Committee Charter

PURPOSE

The Committee assists the Board in fulfilling its governance and oversight responsibilities. The Committee reviews and makes recommendations on:

1. The system of internal controls and management of financial risk;
2. The financial reporting process;
3. The audit process; and
4. The process for monitoring compliance with laws and regulations and the Company's code of business conduct.

In performing its duties, the Committee will maintain effective working relationships with the Board, Management and the external auditors.

AUTHORITY

The Committee has authority to seek any information it requires from employees and external parties, to obtain outside legal or other professional advice with the prior approval of the company Chairman and to require the attendance of company officers at meetings as appropriate.

MEMBERSHIP

The Audit Committee consists of at least two independent, non-executive directors.

Except for occasions where there is a conflict of interest the chairman of the board is invited to attend by standing invitation.

Members are appointed until such time as their appointment is terminated by the Board or the member resigns.

CHAIRMAN

The Board nominates the Chairman of the Committee.

SECRETARY

The Company Secretary is the Secretary of the Committee.



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OTHER ATTENDEES

The Committee may invite members of Bounty's senior management or specialist advisors to attend part or all of a meeting of the Committee; however such invitees will not be members of the committee.

ACTIVITIES

The Committee will meet on an 'as required' basis. The key required meetings are:

1. Meeting with auditors to review the draft financial statements and results of the year end audit (approximately September).
2. Meeting with auditors to review the draft statements for the half year to December and results of the Gould Ralph review.

In addition, the Committee's Chair is required to call a meeting of the Committee when requested to do so by a Board or Committee Member, CEO, Chief Financial Officer or Company's external Auditors.

ROLES AND RESPONSIBILITIES OF AUDIT COMMITTEE

1.0 Internal Control and Risk Management Systems

The Committee reviews and considers compliance with the risk management processes designed by the Risk Committee and approved by the Board. The Committee also reviews and considers the appropriateness and adequacy of internal processes for determining, monitoring and assessing the Board's financial, strategic and operational policies, including:

- 1.1 Gain an understanding of the current areas of greatest financial, strategic and operational activities.
- 1.2 Review and approve management's programs and policies which deal with the adequacy and effectiveness of internal controls over the Company's business processes.
- 1.3 Receive reports concerning material actual and suspected breaches of law including any fraud and theft and assess systems to manage this risk.
- 1.4 Consider with the auditors any fraud, illegal acts, deficiencies in internal control or other similar issues.
- 1.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 1.6 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.



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- 1.7 Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
- 1.8 Gain an understanding of whether internal control recommendations made by the auditors have been implemented by management.
- 1.9 Approve and monitor the Company's whistleblowing policy.

2.0 Financial Reporting

- 2.1 Ask management and auditors about significant risks and exposures and the plans to minimise such risks.
- 2.2 Review any legal matters which could significantly impact the financial statements.
- 2.3 Review the annual financial statements and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles.
- 2.4 Pay particular attention to complex and/or unusual transactions.
- 2.5 Focus on judgmental areas, for example those involving valuation of assets and liabilities, commitments and contingencies.
- 2.6 Meet with management and the auditors to review the financial statements and the results of the year end audit and the half year review.
- 2.7 Review the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the company and its operations.
- 2.8 Review the disclosure policies and ensure that reports comply with ASIC and ASX guidelines and currently accepted standards of good practice.
- 2.8 Review related party transactions and assess their propriety.

3.0 External Audit Process

- 3.1 Review the external auditors' proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope.
- 3.2 Review the performance of the external auditors.
- 3.3 Consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the company.
- 3.4 Make recommendations to the Board regarding the reappointment of the external auditors.
- 3.5 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.



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- 3.6 Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- 3.7 Ensure that management responds to recommendations by the external auditors.

4.0 Compliance with Laws and Regulations and Code of Conduct

(a) Compliance with Laws and Regulations

- 4.1 Review the effectiveness of the systems for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
- 4.2 Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- 4.3 Review the findings of any examinations by regulatory agencies.

(b) Compliance with Company's Code of Conduct

- 4.4 Ensure that the code of conduct is available to all employees and interested external stakeholders and that arrangements are made for all employees to be aware of it.
- 4.5 Evaluate whether management is setting the appropriate "tone at the top" by communicating the importance of the code of conduct and the guidelines for acceptable behaviour.
In particular reinforce that there is compliance with the overarching objectives of:
 - No Injuries - health, safety and mental
 - Profitability – to invest in people and plant
 - Longevity – sustainable business, new projects
 - Customer satisfaction – all external customers
 - Compliance in all aspects
- 4.6 Review the process for monitoring compliance with the code of conduct.
- 4.7 Obtain regular updates from management regarding compliance.

5.0 Other Responsibilities

- 5.1 Update the Board about committee activities and make appropriate recommendations.
- 5.2 Ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 5.3 Perform other oversight functions as requested by the Board.



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- 5.4 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 5.5 Review and update the role and activities of the committee and receive approval of changes from the Board.
- 5.6 Evaluate the committee's own performance on a regular basis.

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