



Australian Agricultural Company Limited
ABN 15 010 892 270

AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

Revision approved by the Australian Agricultural Company Limited Board
On 8 September 2014

1. Introduction

The Board has resolved to establish an Audit and Risk Management Committee (ARMC) and has delegated to it the responsibilities set out in this Charter. This document represents the Charter of the ARMC as adopted by the Board on 8 September 2014.

The ARMC's role is to review and make recommendations to the Board.

2. Primary objectives

The primary objective of the ARMC is to assist the Directors of the Company in fulfilling their obligations in regard to:

- Integrity and quality of interim and annual financial reporting and disclosures;
- Identification and management of key, financial, and regulatory risks;
- Compliance with relevant laws, regulations, standards, and codes; and
- Adequacy of the internal control framework.

This includes oversight by the ARMC of risk management processes, and the conduct of external and internal audits.

3. Membership

Members of the ARMC will be appointed by the Board from the non-executive Directors of the Company. The ARMC will consist of not fewer than three members who will be:

- Independent of senior management and the executives of the Company; and
- Free from any relationship which might in the opinion of the Board be construed as a conflict of interest.

A quorum shall be two of those three or more members.

The Chairman of the ARMC is appointed by the Board. The Chairman must be an independent director who is not chair of the Board.

The duties and responsibilities of a member of the ARMC are in addition to those duties as a member of the Board.

4. Attendance at Meetings

The Managing Director, Chief Financial Officer and a representative of the external auditors shall attend the meetings in addition to ARMC members upon invitation. Other Board members shall also have the right to attend if they wish. The ARMC will regularly meet with the external auditors without executive management present.

The Company Secretary shall be the secretary of the ARMC and shall minute all relevant discussion and decisions of the ARMC.

5. Frequency of Meetings

Meetings of the ARMC must be held at least four times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. In addition, the Chairman shall be required to call a meeting of the ARMC if requested to do so by any ARMC member, Managing Director, the Chief Financial Officer or the external auditor.

One of the ARMC meetings each year is to have a main focus on Risk Management and Compliance, whereas at other meetings it will be addressed as an agenda item (excluding meetings specifically addressing half yearly or annual results).

6. Responsibilities

The ARMC will carry out the following responsibilities:

External Auditor

- Consider the appointment of the external auditor, the audit fees and any matter relative to the auditor's resignation or dismissal.
- Discuss with the external auditor before the audit commences, the nature, scope and general extent of the audit examination, including the engagement letter and to approve the audit plan.
- Review the performance of the external auditor.
- Discuss, in the absence of management if necessary, any problems and reservations arising from the interim and final audits, and any other issues that the auditor may wish to discuss.
- Review the external auditor's management letter and the management's responses thereto.
- Review the co-operation received by the external auditors during their audit examinations, including their access to all requested records, data and other information.

Internal control and Internal Audit

- Retain under review the need to appoint an internal auditor in consultation with the Managing Director.
- Review and approve the audit plan of the internal auditor (if appointed).
- Evaluate the overall effectiveness of the internal audit through meetings with the Internal Audit Manager (if appointed).
- Determine that no management restrictions are being placed upon either the internal (if appointed) or external auditors.
- Review the report of the internal auditor (if appointed) and management's responses thereto.

Financial Control and Internal Control

- Review the half-year and annual financial statements before submission to the Board, focusing particularly on the following:
 - (i) any relevant changes in accounting policies and practices;

Audit and Risk Management Committee Charter

- (ii) important judgment questions;
- (iii) significant adjustments to management accounts resulting from the audit;
- (iv) the going concern assumption;
- (v) compliance with accounting standards;
- (vi) compliance with ASX and legal requirements; and
- (vii) compliance with the published governance guidelines of the Company,

and once satisfied with the statements, recommend acceptance to the Board.

- Review the adequacy and effectiveness of the Company's internal controls including computerised information system controls through discussions with external and internal auditors and management.
- Evaluate the Company's exposure to fraud.

Risk Management

- Oversee and review the Company's financial and risk management and compliance framework.
- Review the Company's risk profile to ensure that material business risks to the Company are dealt with appropriately.
- Monitor the adequacy and effectiveness of the Company's risk management and compliance frameworks.
- Review the Annual Risk Management Plan.
- Drive the development of a strong risk management and compliance culture and ensure risk and compliance management is dynamic and a continuous process of improvement.

Other

- Consider any special projects or investigations delegated by the Board or deemed by the ARMC to be necessary.
- Review and update this Charter as is considered necessary from time to time.
- Monitor the standard of corporate conduct in areas such as arm's length dealing with and likely conflicts of interest.
- Require reports from management and the external and internal auditors on any significant regulatory, accounting or reporting development to assess potential financial reporting issues.
- Review and recommend to the Board any significant change in accounting policy.
- Ensure management has established a compliance framework with respect to the Company's tax obligations.

7. Reporting

Board

- The ARMC will provide the following reporting to the Board:
 - (i) The ARMC Chair will provide a report on the actions of the ARMC to the Board at the first meeting of the Board directly following any meeting of the ARMC.

Audit and Risk Management Committee Charter

- (ii) The report shall include any material matters arising from the ARMC meeting and any recommendations requiring Board approval and/or action.
- (iii) Copies of ARMC papers and reports, together with minutes of each ARMC meeting will be circulated to all Board members.

8. Authority

The ARMC is authorised by the Board to:

- Investigate any matter brought to its attention within its scope of responsibility including seeking any further information it requires from any employee of the Company or its controlled entities;
- Approve all auditing and non-audit services;
- To obtain outside legal advice or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this to be necessary;
- Meet with company officers, external auditors, or outside counsel, as necessary;
- To delegate authority to subcommittees.

9. Annual Review

- The ARMC will conduct an annual review of its performance and effectiveness by reference to this Charter and current best practice.
- This review process will include a review of the appropriateness of the terms of this Charter for current circumstances.
- Where necessary, the ARMC may, by resolution, alter the responsibilities, functions or membership of the ARMC and recommend to the Board the formal adoption of the revised Charter for future operations of the ARMC.