



**Magontec Limited**  
**Finance, Audit & Compliance Committee (FAC)**  
**Charter**

Approved: 24 February 2016

The terms of reference for the Finance, Audit & Compliance Committee were initially approved by the Magontec Limited (MGL) Board on 24th February 2016.

## **ROLE**

The Finance, Audit & Compliance Committee of Magontec Limited is responsible for oversight and for making recommendations to the Board in respect of the Company's financial affairs, information technology, business control framework and legal requirements.

## **MEMBERSHIP**

The Committee shall be appointed from amongst MGL board members. A quorum shall be two members. At all times, there will be a majority of non-executive directors.

The Chairman of the Committee shall be appointed by the Board.

The Company Secretary shall be the Secretary of the Committee and shall attend all meetings. In addition, the Secretary shall be responsible for agenda preparation and obtaining approval of the same from the Committee Chairman.

## **AUTHORITY**

The Committee is authorised by the Board to investigate any activity within its charter. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary within the scope of its duties.

## **DUTIES**

The specific duties of the Committee shall include (where relevant):

### Audit

- a) Consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal and recommend to the Board;
- b) Discuss with the external auditor before the audit commences the nature and scope of the audit, and to ensure co-ordination where more than one audit firm is involved;
- c) Discuss problems and reservations arising from the interim and the final audits and any matters the auditors may wish to discuss (in the absence of management where necessary);
- d) Review and approve the following in relation to accounting policies and practices:
  - New accounting policies/practices which have a material impact on financial results;

- Changes to existing policies/practices with a material impact on financial results; and
  - Requests for exemptions or adoption of alternative accounting policies or practices;
- e) Review the half-year and full-year financial results before submission to the board, focusing particularly on:
- Major judgmental areas;
  - Significant adjustments resulting from an audit or audit review;
  - The going concern assumption;
  - Compliance with accounting standards; and
  - Compliance with stock exchange, legal requirements.
- f) Review taxation compliance matters;
- g) Review compliance with legal and regulatory matters;
- h) Review the effectiveness of internal control systems, as well as the financial and non-financial risk management processes, and in particular review the external auditors' management letter and management's response;
- i) Review compliance with relevant Company policies; and
- j) Consider other topics as defined by the Board, including review of correspondence from any regulatory body (i.e. ATO, ASIC or ASX).

#### Finance

- a) Review financial exposures and monitors the application of risk management techniques including insurance, hedging and the use of derivative financial instruments;
- b) Monitor the financial position of MGL and makes recommendations as to the appropriate levels of gearing and working capital as required;
- c) Recommend financing strategies for both on and off balance sheet funding requirements;
- d) Recommend appropriate dividend policies, where relevant
- e) Review the general business controls framework relating to financial matters
- f) Inform the Board on taxation planning.

#### Information Technology

Oversee Information Technology implementation and provision of management information.

## **ATTENDANCE AT MEETINGS**

The Chairman and CEO (or equivalents) of MGL are permitted to attend meetings, and will be available for consultation as required.

In addition to the Committee members the Chief Financial Officer, if not a member of the Committee, and a representative of the external auditors shall from time to time be invited to attend meetings.

The Company Secretary shall be the Secretary of the Committee and shall attend all meetings.

## **FREQUENCY**

Meetings shall be held not less than twice a year. At present meetings are usually held in February (full year results), and August (half year results). In addition the Committee meets when deemed necessary to review any brought forward items or urgent business.

## **REPORTING PROCEDURES**

The Secretary shall be responsible for the distribution of the minutes of meetings of the Committee to all members of the Board.

All members of the Board receive the Finance, Audit & Compliance Committee papers for the February (full year financial results) and August (half year financial results) meetings and papers for any other Committee meeting which the Chairman may consider appropriate.