

Audit & Risk Committee Charter

Introduction

This Charter sets out the role, responsibilities, composition, and operation of the Audit & Risk Committee (the **Committee**) in relation to Tian An Australia Limited and its related bodies corporate (**Company**).

Meetings and proceedings of the Committee will be governed by the provisions of the Company's Constitution pertaining to meetings and proceedings of the Board provided they are applicable and not inconsistent with this Charter.

Role

The role of the Committee is to review and make recommendations to the Board in relation to:

- (a) the appropriateness and effectiveness of the Company's accounting policies and reporting processes;
- (b) whether the financial statements provide a true and fair view of the financial position and performance of the Company;
- (c) the integrity of the Company's financial reports and related communications to stakeholders;
- (d) the management of internal and external audits including monitoring the implementation of any improvements identified in respect of controls;
- (e) reviewing business risk management and internal control systems, including business policies and practices, delegations of authority, business continuity and disaster recovery plans, and the adequacy of the Company's insurance programme;
- (f) monitoring corporate conduct and business ethics, including auditor independence, related party transactions and performance and ongoing compliance with laws and regulations; and
- (g) considering and reporting to the Board any other matters referred to it by the Board.

Responsibilities

The Committee has the following responsibilities:

Financial Reporting

- (a) Review the Annual and Half Yearly Reports, including the financial statements and notes, with management and the external auditor;
- (b) Confirm all external reporting is consistent with the knowledge and information of Committee members, and is appropriate for distribution to Shareholders;
- (c) Confirm all significant accounting and financial reporting issues and judgements disclosed in the financial statements reflect appropriate accounting principles, standards and regulations;
- (d) Review the external auditor's report and consider any differences of opinion between the auditor and management, or any other matters relating to the conduct of the audit or issues raised by management or the auditor;
- (e) Confirm the financial statements are presented in a way which facilitates ease of understanding by Shareholders;
- (f) Make recommendations to the Board in relation to the adoption of the financial statements; and
- (g) Review all material reports, presentations and other publications proposed to be lodged with regulators, and make appropriate recommendations to the Board prior to lodgement.

External Audit

- (a) Recommend to the Board the appointment and removal of the external auditor, and rotation of the audit engagement partner;
- (b) Review the terms of the auditor's engagement, including approval of annual audit fees, scope and quality of the audit, and the auditor's independence;

- (c) Review the level and nature of non-audit services provided by the external auditor; and
- (d) Annual review of the expertise, resources and performance of the external auditor.

Internal Controls

- (a) Review the design and implementation of the risk management and internal control systems for the Company, and provide oversight in the ongoing monitoring of the effectiveness of those controls;
- (b) Report to the Board at least annually on the overall risk management and internal control systems and the effectiveness of the controls;
- (c) Review with the external auditor the adequacy of the Company's internal controls, and the adequacy of the Company's financial reporting;
- (d) Review the Charters for any committees overseeing identified risk categories, including workplace health and safety, environment and compliance; and
- (e) Ensure the Board is provided with appropriate declarations pursuant to section 295A of the Corporations Act as part of the half-year review and full year audit of the Company.

Specific delegations from the Board

The Committee has the following delegated authorities:

- (a) direct and unlimited access to the Company's external auditor and the right to meet and discuss matters with the auditor in the absence of management;
- (b) to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees shall be instructed by the Board to respond to such enquiries;
- (c) to approve any internal audit or review programs including the appointment of third party professionals to carry out any such programs;
- (d) approve amendments to the Company's accounting and risk policies which the Committee determines do not require Board approval; and
- (e) the engagement of independent legal, accounting and other advisers as it determines necessary to carry out reviews as directed.

Membership

The Committee shall consist of at least two members.

The Committee shall be entitled to invite others to attend its meetings, as considered appropriate from time to time, including the CEO, any other Director, and the external auditors.

The Board shall elect both the Chair and the members of the Committee and review such membership at times considered appropriate.

The duties and responsibilities of a member of the Committee who is also a member of the Board, shall be in addition to those set out for a Director of the Board.

Chair

If the Chair is absent from a meeting and no acting Chair has been appointed by the Board, the members of the Committee present at the meeting have authority to choose one of their number to be Chair for that particular meeting.

The Chair is responsible for the report of findings, decisions and recommendations of the Committee to the Board after each Committee meeting.

Meetings

The Committee shall meet as frequently as required to perform its functions but not less than four times per year, with two of those meetings coinciding with the review of the half year and annual financial reporting.

The quorum for meetings of the Committee is two members of the Committee.

The Company Secretary of the Company shall be the secretary of the Committee.

The Chair of the Committee shall determine, in consultation with Committee members, the agenda for each meeting of the Committee.

The Committee shall keep minutes of the proceedings and resolutions of its meetings. The minutes of a Committee meeting shall be made available to any Director of the Company and shall be presented at the next Board meeting, providing no conflict of interest arises.

Resolutions of the Committee may be made by a majority vote at a meeting of the Committee, or where it is impractical to convene a meeting, by circular resolution signed by at least 75% of Committee members.

Members of management and/or parties external to the Company may be invited to attend any meeting of the Committee.

Review of Charter

The Committee will review the Charter annually to ensure it remains consistent with the Committee's authority, objectives and responsibilities.