

# RESONANCE HEALTH LIMITED – AUDIT AND RISK COMMITTEE CHARTER

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## RESONANCE HEALTH LIMITED

### Audit and Risk Committee Charter

#### 1.0 MEMBERSHIP

- 1.1 The Board has resolved to establish a Committee of the Board to be known as the Audit and Risk Committee.
- 1.2 Members of the Committee are non-executive Directors of the Company. All members will be financially literate and at least one member will have an accounting or related financial expertise.
- 1.3 The Chairman and members of the Committee are appointed by the Board for terms not exceeding two years, after which they will be eligible for re-appointment.
- 1.4 The Chairman of the Board may not be the Chairman of the Committee.
- 1.5 The Chairman of the Audit Committee shall be independent (ie have no material relationships with Resonance Health Ltd other than Board and Committee roles).
- 1.6 The Company Secretary is Secretary to the Committee.
- 1.7 The current members of the Committee are;  
  
Dr Travis Baroni - Chairman  
Dr Martin Blake  
Mr Simon Panton  
Mr Mitchell Wells  
  
Secretary – Mr Agha Shahzad
- 1.8 The Audit Committee Chairman shall:
  - be knowledgeable of Resonance Health Ltd's business and financial and auditing processes;
  - oversee planning and conduct of Audit Committee meetings including approval of the agenda and minutes;
  - oversee reporting and verbal presentations to the Board from the Audit Committee and be involved in selection of Audit Committee members as appropriate.

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- 1.9 Audit committee members may only receive the following compensation from the Company:
- Directors' fees (including committee fees), which may be received in cash, shares, superannuation contributions or other in-kind consideration ordinarily available to non-executive Directors;
  - any other regular benefits that other Company non-executive Directors receive.

### 2.0 OBJECTIVES

The Committee's objectives are to:

- 2.1 Assist the Board to discharge its responsibilities to exercise due care, diligence and skill in relation to the Company's:
- reporting of financial information;
  - application of accounting policies;
  - financial management;
  - internal control systems;
  - risk management systems;
  - business policies and practices;
  - protection of the company's assets; and
  - compliance with applicable laws, regulations, standards and best practice guidelines.
- 2.2 Improve the credibility and objectivity of the accountability process, including financial reporting.
- 2.3 Provide a formal forum for communication between the Board and senior financial management.
- 2.4 Improve the effectiveness of the internal and external audit functions and be a forum for improving communications between the board and the internal and external auditors.
- 2.5 Facilitate the maintenance of the independence of the external auditor.
- 2.6 Provide a structured reporting line for internal audit and facilitate the maintenance of the independence of the internal auditor.

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2.7 Improve the quality of internal and external reporting of financial and non-financial information.

2.8 Foster an ethical culture throughout the Company.

### 3.0 RESPONSIBILITIES

The Committee shall consider any matters relating to the financial affairs, corporate governance and external audit of the Company and its controlled entities that it considers necessary. In addition, the Audit and Risk Committee shall examine any matters referred to it by the Board.

The Committee's role is to monitor, investigate and make recommendations to the Board with respect to:

#### 3.1 External Reporting:

- Consider the appropriateness of the Company's accounting policies and principles and any changes, as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework.
- Assess significant estimates and judgments in financial reports.
- Review for completeness and accuracy the reporting of the Company's main corporate governance practices as required under the Australian Stock Exchange listing rules.
- Ensure that a process is established by the Company's management to capture issues for the purpose of continuous disclosure to the Australian Stock Exchange.
- Assess information from internal and external auditors that affects the quality of financial reports.
- Recommend to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of them.

### 3.2 Related-party Transactions

Review and monitor the propriety of related-party transactions.

### 3.3 Internal Control and Risk Management

- Assess the internal processes for determining, managing and reporting on key risk areas.
- Ensure that the Company has an effective risk management system and that macro risks to the Company are reported at least annually to the Board.
- Address the effectiveness of the Company's internal control and risk management systems with management and the internal and external auditors.
- Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
- Meet periodically with key management, internal and external auditors and compliance staff to understand and discuss the entity's control environment.

### 3.4 External Audit

- Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the external auditor.
- HLB Mann Judd are the current auditors of the Company.
- Invite the external auditor to attend Audit Committee meetings to, at least, review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment.

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- The external auditor should attend meetings of the Committee by invitation prior to the annual financial report and half-year review being signed.
- Together with the external auditor, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis.
- Provide the opportunity for the Committee members to meet with the external auditors without management personnel being present at least twice a year.

### 3.5 Corporate Governance

- Monitor developments in corporate governance practices;
- Benchmark the entity's policies against best practice;
- Ensure that policies exist to deal with conflicts of interest;
- Review past or proposed transactions between the Company and members of management or the Board;
- Make recommendations on corporate governance standards and practices to the Board;
- Review documentation relating to corporate governance on an annual basis.

### 3.6 Non-audit engagements

The Company will not engage the auditor to perform any of the following non-audit services for the Company:

- bookkeeping services and other services related to preparing the Company's accounting records or financial statements;
- financial information system design and implementation services;

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- appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- actuarial services;
- internal audit services;
- management functions or human resources;
- broker or dealer, investment adviser, or investment banking services;
- legal services or expert services unrelated to the audit.

In addition, the auditor will not undertake taxation advice of a strategic or tax planning nature.

The Company may only engage the auditor in respect of other non-audit services if:

- the audit committee has expressly approved the provision of the non-audit service; and
- the performance of the non-audit service will not cause the total annual revenue to the auditor from non-audit work to exceed the aggregate annual amount of the auditor's total fees, respectively.

The audit committee must not approve the provision of a non-audit service by the auditor if the provision of the service would compromise the independence of the auditor.

### 4.0 ACCESS

- 4.1 The Committee may invite any Executive Director, executive, other staff member or external or internal auditor to attend all or part of a meeting of the Committee.
- 4.2 The Committee may consult independent experts and institute special investigations if it considers it necessary in order to fulfil its responsibilities.
- 4.3 The Committee is authorised by the Board to obtain outside legal or other professional advice if it considers this necessary.

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### **5.0 MEETINGS**

- 5.1 The Committee meets prior to the signing of the Company's annual financial statements and half year report.
- 5.2 Any Committee member or Secretary may call a meeting of the Committee.
- 5.3 A quorum is two members.
- 5.4 If only 1 Committee member is available through unavoidable circumstances, an additional Board member may be co-opted to the Committee for the purpose of finalising urgent business.

### **6.0 SECRETARY AND MEETINGS**

The Company Secretary shall be appointed Secretary of the Committee.

The Secretary, in conjunction with the Chairman, shall draw up an agenda, which will be circulated at least one week prior to each meeting to the members of the Committee. The Chairman will call a meeting of the Committee if so requested by any Committee member or the Chief Executive Officer.

The external auditor should be given notice of all meetings and, at the Chairman's discretion, have the right to attend and speak at such meetings.

The Secretary will prepare minutes of the meeting of the Committee for the approval of the Chairman at its next meeting. Minutes of the Committee meeting are to be circulated to all directors and reported at the Directors' meeting following the Committee meeting.

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### **7.0 AUTHORITY**

The Committee discharges its responsibilities by making recommendations to the Board.

The Committee does not have any executive powers to commit the Board or Management to their implementation. The Committee is not responsible for supervising the performance of executives and does not become involved in day-to-day operations, management functions or decision making.

The Committee shall have unrestricted access to both internal and external auditors and to senior management of the Company.

### **8.0 REPORTING**

The Chairman of the Audit and Risk Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of the Board.

### **9.0 CHARTER REVIEW**

The Charter, composition and annual agenda for the Audit Committee will be reviewed at least annually. Any changes to this Charter will require approval of the Board. The Board will review the effectiveness of the Audit Committee as appropriate.