

Audit & Risk Committee Charter**1. Objectives**

The committee assists the board to discharge its responsibilities relating to the integrity of the financial reporting, the effectiveness and independence of audit, and evaluation of the management processes relating to compliance, internal control systems, and the risk management framework.

The main objectives of the Audit & Risk Committee are to monitor and advise the board on:

- the integrity of financial records and reports
- the independence and performance of the external auditor and the audit effectiveness, independence, scope and planning
- the maintenance of effective internal controls, compliance and risk management systems
- financial and accounting issues and accounting policies
- compliance with legal and regulatory requirements
- operational risk and risk management framework

2. Membership

The committee shall comprise at least three directors, all of whom are non-executive directors, with the managing director as an ex officio, voting member of the committee. Membership is subject to annual board review.

Each member should be capable of making a valuable contribution to the committee, must be financially literate and at least one member must have financial expertise.

The chairman of the committee will be an independent director as nominated by the board and will not be the chairman of the board.

3. Invitees

The Chief Financial Officer and the external auditor are expected to attend committee meetings.

The committee may request that any officer or employee of Fermiscan, outside legal counsel, or any person or group with relevant experience or expertise attend meetings or meet with any members or consultants of the committee.

4. Meetings

The committee shall hold at least four meetings annually, or more frequently as circumstances dictate. A quorum of any

meeting shall be two members.

Meetings may be called by the chairman of the committee, or at the request of the board.

5. Minutes

The agenda and supporting documentation will be circulated to committee members and external auditors within a reasonable period in advance of each meeting. Minutes of meetings accompanied by an 'action plan' detailing matters that require attention as a result of the committee's deliberations will be provided to members of the committee and the board.

6. Duties and Responsibilities

In discharging its responsibilities to the board, the committee shall consider any matters relating to the financial affairs and risk management, internal control and compliance issues that it deems to be appropriate. In addition, the committee shall examine any other matters referred to it by the board.

The duties of the committee are:

6.1 Risk Management

- Oversee major risk exposures and ensure that the internal controls, strategies and management information systems are sufficient and will function effectively to manage the risks
- Monitor specific risks associated with the business contingency planning, disaster recovery and support processes, currency and interest exposures
- Review the adequacy of insurance coverage
- Oversee implementation of appropriate operational policies and procedures
- Review the due diligence processes relating to significant new transactions, investments and/or new products
- Receive and review all suspected and actual breaches of the company's code of conduct and policies

6.2 External Auditors

- Review annually the external auditor's engagement and make recommendations as necessary to the board concerning compensation, appointment and removal of the external auditor
- Review the audit plan proposed by the external auditor
- Consider the external auditor's management letters and management's response, including the rectification of issues. The committee will review issues arising from the audit and any other matters the external auditor may wish to raise.
- Assess the external audit evaluation of the adequacy and effectiveness of the financial and risk management framework and financial reporting requirements.
- Monitor the performance of the external auditor and

provide the external auditor with the opportunity to raise matters directly with the board.

The external auditor will be required to attend the annual general meeting and be available to answer questions from shareholders.

6.3 Financial Control and Reporting

- Assess the integrity of financial records and reports
- Review relevant accounting and reporting issues, including recent professional and regulatory pronouncements
- Review the annual financial statements and other external reports to ensure they are complete, consistent and in accordance with the law, regulations and accounting standards and provide recommendations to the board
- Assess budgets and forecasts and provide recommendations to the board

6.4 Regulatory and Legal Compliance

- Review all significant transactions that do not form part of Fermiscan's normal business
- Monitor compliance and assess the adequacy of managements compliance systems
- Advise the board on policies and procedures concerning compliance reporting and disclosure
- Review any current and pending litigation and claims which may have financial risk exposure

6.5 Taxation

- Oversee taxation compliance and processes
- Review taxation advice and services as required

6.6 Other

- Request and review special audits or investigations where necessary.
- Consider other matters, as referred by the board.
- Facilitate free and unfettered access to the committee by senior management and the external auditor at all times.
- Oversee the establishment and maintenance of policies under which employees may submit their concerns about accounting, internal controls, compliance, audit and other matters. Employees may choose to make confidential and/or anonymous submissions. The committee will oversee the process making employees aware of these policies.

7. Authority and Access

The Board authorises the committee to :

- Perform activities within its charter and make determinations about matters for which it is responsible.

- Seek any information it requires from any employee (and all employees are directed to co-operate with any request made by the committee) via the managing director.
- Seek any information it requires from external auditors and obtain outside legal or other professional advice to assist in undertaking its responsibilities.

The committee shall have access to the company secretary.

Members of the committee shall be entitled to training relating to issues specific to the industry in which the company operates.

8. Reporting

The committee shall record proceedings of each meeting and report to the board.

The annual report shall include a statement describing the responsibilities and activities of the committee.

9. Evaluating Performance

The committee shall:

- Evaluate its performance on an annual basis. This will include an assessment of the extent to which the committee has discharged its responsibilities as set out in the company charter. The results of this evaluation will be reported to the board.
- Obtain feedback from the board on the effectiveness of the committee

10. Review of the Committee Charter

The committee shall review its charter annually and discuss any required changes with the board and ensure that the charter is approved or re-approved by the board.