



RISK TECHNOLOGIES

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SUMMARY – CHARTER FOR AUDIT AND RISK MANAGEMENT COMMITTEE

The Razor Board maintains an Audit and Risk Management Committee which operates under a Charter.

The primary purpose of the Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to:

- Financial Reporting
- Internal Control Structures
- Risk Management Systems
- External Audit Functions

In fulfilling its purpose, the Committee shall have unrestricted access to personnel records, internal and external auditors and senior management as appropriate. The Committee shall have the right to seek any information it considers necessary to fulfil its duties, which includes the right to obtain appropriate external advice at the Company's expense.


The Committee must comprise at least three non executive directors and as at the date of this report, all committee members are independent directors.

In accordance with the Charter the Chairperson is not Chairman of the Board.

The auditors, Chief Executive Officer and Chief Financial Officer are invited to Audit and Risk Management Committee meetings at the discretion of the Committee.

In executing its responsibilities, the duties of the Committee are:

- In relation to external audit:
 - Recommend to the Board the appointment, evaluation and dismissal of the external auditors
 - Ensure that it is clear that the external auditor is ultimately responsible to the Committee and the Board as representatives of the shareholders
 - Approve the external audit fee and all non-audit assignments entered into with the external audit firm
 - Recommend to the Board actions pertaining to investments that are not subject to the external audit including significant ventures, investments or operations in which the Company has an interest

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- In relation to annual and interim financial statements, the Committee will review and make recommendations to the Board as appropriate, with emphasis on:
 - Quality and appropriateness of accounting policies, practices and financial reporting disclosures and any changes thereto
 - Judgmental areas such as financial impact of compliance, OHS and legal issues
 - Compliance with accounting standards
 - Compliance with financial reporting standards, stock exchange and regulatory requirements
 - To discuss and resolve issues and reservations arising from interim and final external audits, and any matters raised by the auditors (in the absence of management where necessary)
 - To review external auditors' summary management report and management response
 - To review the Company's statement on internal control systems prior to endorsement by the Board, and in particular to review:
 - The procedures for identifying business risks and controlling their financial impact on the Company
 - The budgeting and forecasting systems, financial reporting systems and controls
 - The policies for ensuring compliance with relevant regulatory and legal requirements
 - The operational effectiveness of the policies and procedures related to risk and control (supported by regular assurance reports)
 - The policies for preventing and detecting fraud
 - To ensure that arrangements are in place for the protection of the Company's ownership of intellectual property and non-physical assets
 - Annually review the Company's insurances as to appropriateness and minimum risk cover.

The Committee shall review the independence and objectivity of the external auditors.

The Committee shall consider the major findings of any relevant internal investigation into control weaknesses, fraud or misconduct and management's response (in the absence of management where necessary).