

CO2 GROUP LIMITED

AUDIT COMMITTEE CHARTER

Objectives

The primary objective of the Audit Committee (“Committee”) is to assist the Board in fulfilling its corporate governance responsibilities.

Membership

The Committee shall be comprised of at least three members and chaired by an independent director who must not be the Chairperson of the Board. The Committee is currently comprised of two independent directors and the Chairman.

All members of the Committee should be financially literate and at least one member should be a financial professional with experience of financial and accounting matters. At least one member should have a comprehensive knowledge of the industries in which the Group operates.

The Company Secretary shall act as Secretary to the Committee.

The structure of the Committee is not consistent with recommendation 4.3 of the Australian Stock Exchange Corporate Governance Council (“CGC”) in that it is not comprised solely of non-executive directors, the Company only has two non-executive directors. The size of the full Board is five members and as both of the independent directors are not financial professionals, the Board considered that the Chairman, who is also an executive director, should also be a member to ensure the Committee is balanced and has the desired technical expertise and industry knowledge.

Authorisations

The Board has delegated authority to the Committee to examine any function, event or transaction of the Company and its subsidiaries (“Group”) in accordance with this Charter and to make recommendations to the Board concerning policy and action arising from its examinations.

The Committee may seek independent professional advice at the expense of the Group and to invite such advisers to attend meetings.

The Committee has unlimited access to executive management, employees, consultants, external auditors, tax consultants, legal advisers and any other advisers retained by the Group. It also has unrestricted access to all the financial and other records of the Group.

Responsibilities

The responsibilities of the Committee include satisfying the Board that:

- there is effective management of financial risks by identifying areas of significant financial risk and satisfying themselves that policies, procedures, management control systems, accounting and internal controls are adequate to manage such risks;
- management and financial reporting is reliable by reviewing accounting policies, assessing the adequacy of management reporting and reviewing financial statements to be released to external users;
- the Group has complied with applicable laws and regulations; and
- an effective and efficient audit will be performed, that no unreasonable restrictions are placed on the auditors, that the scope of the external audit is adequate, evaluating the findings of the auditors and ensuring that appropriate action is taken.

The Committee must review the procedures for the selection, appointment and removal of the external auditor, the rotation of external audit engagement partners and make recommendations to the Board.

Procedural Matters

The Committee shall meet at least two times per year and more frequently if required. Any member of the Committee and the Secretary may call a meeting and the Secretary must give notice of a meeting as far in advance as is practical. A meeting by telephone or other electronic means is to be taken to be held at the place determined by the Chairperson. A quorum for a meeting is two members.

The Committee must meet with the external auditor at least once every year and may invite any senior executives or any other person to attend all or part of a meeting. The external auditor is entitled to request a meeting and has unfettered access to the Committee.

Minutes of meetings are to be distributed to members shortly after each meeting together with relevant supporting papers.

External Auditor Relationships

The Committee is to ensure that the external auditor is requested to attend the annual general meeting and be available to respond to questions from shareholders concerning the conduct of the audit and the preparation and content of the auditor's report.

The Committee has a primary responsibility to evaluate the quality and effectiveness of the external auditor and to recommend to the Board their re-appointment or removal.

A recommendation to the Board on the appointment of an external auditor is made after a tender process where up to four suitable candidates are invited to make written and oral presentations as to their technical and professional capabilities and how they propose to enhance the value of the Group. A short list of two auditors is selected and following further interviews, a decision is made of the auditor best qualified for the role. The Committee may recommend the appointment of more than one auditor for companies in the Group.

The Committee will have regard to the following principles in its dealings with external auditors.

- The auditor must confirm in writing that they have complied with applicable regulatory and professional requirements relating to independence and that there are no real or perceived personal conflicts of interests.
- The auditor must confirm that the lead engagement partner will rotate in accordance with regulatory and professional requirements.
- The auditor must confirm that there have been no restrictions placed on the scope of their audit and whether there are any unresolved issues with executive management including withholding of fees.
- The auditor is to confirm that they have not provided any services which may conflict with their role as auditor and that any non-audit services that have been provided do not conflict with their role as auditor.

The Committee will monitor to ensure that a former audit partner is not appointed as a senior manager or a director of the Group unless a period of three years has elapsed since the partner was last involved with the audit of the Group.