



Audit and Risk Management Committee Charter

Purpose

The Board of Directors of Admedus Ltd and its controlled entities (the "Company") has established an Audit and Risk Management Committee. The purpose of the Committee is to assist the Board in fulfilling its responsibilities to oversee the integrity of financial reporting, effective systems of internal control and risk management of the Company. In fulfilling this purpose, the Committee will:

- review and assess the Company's processes which ensure the integrity of financial statements and reporting, and associated compliance with legal and regulatory requirements, including accounting standards;
- review and assess the appointment, qualifications, independence, performance and remuneration of, and relationship with, the Company's external auditors and the integrity of the audit process as a whole;
- oversee the effectiveness of the systems of internal controls and risk management; and
- oversee the policies and procedures for ensuring the Company's compliance with relevant regulatory and legal requirements.

Role and Responsibilities

The role and responsibilities of the Committee will include:

Integrity of financial statements and reporting

- reviewing and recommending to the Board for approval the draft annual and interim financial statements and other related information, to be released through the ASX to the shareholders and the wider financial community. The review process will include discussion with management and the

external auditors prior to their submission and recommendation to the Board;

- reviewing and assessing the effectiveness of management's programs and policies, and discussing with the external auditors, the adequacy and effectiveness of internal controls over the Company's financial and reporting systems;
- reviewing any material changes in accounting or reporting requirements, and assessing subsequent effects on the Company's financial statements and the Company's policies and practices;
- reviewing any judgements made by management in respect of accruals, provisions, estimates, or the application of accounting policies, which materially affect the financial statements, as well as other sensitive matters, such as disclosure of unusual, complex or related party transactions;
- reviewing and discussing with senior management and the external auditors the process and the disclosures made in respect of the certifications given by the Managing Director and Chief Financial Officer with respect to the financial statements of the Company pursuant to the *Corporations Act 2001* (Cth);

Engagement with external auditors

- reviewing with management the terms of external audit engagement in order to make recommendations to the Board concerning the appointment, re-appointment, rotation and removal of external auditors;
- reviewing and approving the terms of engagement and fees of external auditors;
- reviewing and assessing non-audit and assurance-related services to be provided by external auditors, with particular consideration to



the potential of those services to impair external auditors' judgement or independence in respect of the Company;

- reviewing, assessing and approving the audit plans of the Company's external auditors;
- reviewing and assessing the planned audit scope to ascertain the extent to which it can be relied upon to ensure that the financial report is free from material misstatement whether due to fraud or error. The review will include an evaluation of how the auditor will consider controls relevant to the preparation and fair presentation of the financial report;
- reviewing the summary management report prepared by external audit, including the significant findings and responses of management; and assessing any significant recommendations of the auditors to strengthen the internal controls and reporting systems of the Company;
- periodically meeting with the external auditors without the presence of management, to discuss the quality of the Company's accounting principles, material judgements, and any other matters that the Committee or external auditors deem appropriate;
- reviewing, assessing and monitoring management's responsiveness to external audit findings; and assessing and monitoring the performance and effectiveness of the Company's external auditors, including an assessment of auditor independence in accordance with regulatory requirements; and obtaining an independence declaration from the external auditor, as required;

Internal controls and risk management

- reviewing management and external auditor's reports on the effectiveness of the internal control, risk management systems and management of material business risks;

- reviewing and assessing the effectiveness of the internal controls, policies, programs, guidelines and procedures which form the Company's risk management framework and reporting systems, assessing the effectiveness of the risk management framework and reporting systems, and controlling their financial impact;
- reviewing and recommending to the Board those Company risk management, reporting and governance policies which require Board approval;

Legal and regulatory compliance

- reviewing and assessing the effectiveness of the Company's compliance program in ensuring compliance with relevant regulatory and legal requirements;
- reviewing and assessing the effectiveness of internal processes for ensuring compliance with the Company's policies and procedures;
- reviewing compliance reports prepared by management in relation to the Company's compliance with statutory, legal and other regulatory requirements; and identifying and considering any matters that may have a material impact on the Company's activities, and report on those matters to the Board;
- obtaining regular updates from the Company Secretary and other management, as appropriate, regarding any material litigation and the Company's compliance with significant statutory requirements;
- reviewing, assessing and monitoring the effectiveness of the Company's policies and procedures on continuous disclosure and reporting on these to the Board;

Other areas of responsibility

- overseeing the process for the receipt, retention and treatment of information received for complaints regarding matters relating to audit,



financial statements, internal controls, misbehaviour, possible fraud or conduct that is in breach of the Company's Code of Conduct;

- reviewing and assessing the adequacy of the Company's insurances, including Directors' and Officers' Liability insurance, at least annually;
- holding individual executive sessions with the Chief Financial Officer or other senior management to discuss matters with the Committee, as appropriate; and
- performing any other duty or undertaking that the Board may request from time to time.

Structure and Composition

- The Committee will comprise of:
 - a) only Non-Executive Directors;
 - b) at least three members;
 - c) a majority of Non-Executive Directors who are able to exercise independent judgement in their role as a member of the Committee, as determined by the Board; and
 - d) members who are sufficiently financially literate to understand financial statements and general accounting principles, for the purpose of assessing and questioning information presented in Committee meetings; and at least one member who has relevant financial qualifications and experience.
- The Chairman of the Committee will be appointed by the Board and must be a Non-Executive Director who is considered by the Board to be independent and is not the Chairman of the Board.
- The Board may determine the appointment and term of any member of the Committee at any time. Retirement and renewal of Committee members shall be reviewed on an ongoing basis by the Board.
- Any Directors of the Board who are not Committee

members are entitled to attend Committee meetings and receive copies of the Committee papers.

- The Committee, through the Committee Chairman, may invite the Managing Director, Chief Financial Officer, the external auditors, or other persons as deemed appropriate, to attend any meeting of the Audit Committee, for a duration as determined by the Chairman of the Committee.
- The Committee will appoint a Committee Secretary who will act as secretary for all meetings of the Committee. The Committee Secretary or a nominee will take minutes, distribute these to Committee members for comment, and have these approved by the Committee Chairman as soon as practicable after each meeting.
- The minutes of each Committee meeting will be tabled as part of the Board papers for the next Board meeting occurring after the minutes have been approved by the Committee Chairman.

Meetings

- The Committee will meet at least twice annually, and will hold additional meetings as it deems necessary.
- At a meeting of the Committee, the number of Committee members whose presence is necessary to constitute a quorum will be two (2).
- Any member of the Committee, the Chief Financial Officer or the auditors may request the Chairman to convene a meeting of the Committee at any time. That request will be in writing and include an outline of the purpose for that meeting.
- The Chairman will convene a meeting for a date no later than 21 days after receipt of that request.
- The Committee Chairman is responsible for the conduct of all Committee meetings. Matters arising for determination at a Committee meeting must be decided by a majority of votes cast by the



members present and entitled to vote on the matter. The Committee Chairman has a casting vote, subject to the terms of the Constitution.

- The Committee Secretary is responsible for distributing meeting notices, agendas and Committee papers to members prior to each meeting.
- The Committee will be responsible for developing an annual agenda, to ensure that the Committee reviews, assesses or reports (as applicable) on each of the areas for which it is responsible under this Charter.

Access to Information and Independent Advice

- The Committee has the authority to require: the attendance of any management or employee of the Company; and

unrestricted and unfettered access to any information, document, report or material in the possession of any manager, employee or entity of the Company, and all employees and managers must comply with such requests from the Committee, subject to any legal requirements, including any fiduciary or statutory duties of Committee members.

- The Committee may engage any independent legal, financial or other advice as it considers necessary to perform its responsibilities under this Charter, at the Company's expense.

Reliance

- The Committee members are entitled to rely on:
 - (a) information or advice of management and employees of the Company on matters within their area of responsibility; and
 - (b) the advice of internal and external counsel and other experts on matters within their areas of expertise, provided that reliance is permitted by

law.

- Before a Committee member can rely on information or advice, the Committee member must be satisfied that:
 - (a) there are no facts or circumstances that he or she is aware, or ought to be aware, which would deny reliance; and

he or she has reviewed the information or advice, having regard to the member's knowledge of the Company.

Reports to the Board

The Committee will keep the Board informed of its activities through the provision of the minutes and Committee papers of each meeting. Additionally, the Committee Chairman will ensure that the Board are made immediately aware of any matters brought to the attention of the Committee Chairman, which may significantly impact the financial condition or reputation of the Company.

Self-Assessment

- The Committee will assess its effectiveness periodically and report on its findings to the Board.
- The Committee will regularly review the Charter to ensure that it meets best practice standards, complies with the ASX Corporate Governance Principles and Recommendations, and meet the needs of the Company and the Committee.