



BOARD AUDIT COMMITTEE CHARTER

RELATED POLICIES AND DOCUMENTS:

Board Charter

Board Guidelines for the Operation of the Board of Directors
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Board Risk Committee Charter
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Board Nominations Committee Charter

Board Remuneration Committee Charter
--

Board Guidelines for the Appointment and Selection of Directors

Purpose

This charter sets out the composition, role, responsibilities and administration of the Audit Committee (“Committee”) of Tox Free Solutions Limited (“Toxfree” or “Company”) within the governance structure of Toxfree and its wholly owned entities (“the Group”).

The Committee has been established by the Board of directors (“Board”) of Toxfree in accordance with the Company’s Board Charter.

The Committee plays a key role in the overview of responsibilities of the Board relating to financial reporting, corporate governance and the external audit process.

The Chair of the Audit Committee shall not be the Chair of the Company.

Structure

The Board has determined that the Committee shall comprise at least three members. All members of the Committee shall be appointed by the Board from amongst the non-executive independent directors.

The Committee members shall possess the appropriate skills and experience to enable the Committee to meet its purpose.

The Committee shall have a chairperson (Chair) appointed by the Board. The Chair shall not be the Chair of the Board and shall be a non-executive independent director.

The appointment of new members of the Committee shall be approved by the Board.

The Managing Director, the Chief Financial Officer and any other executive or any other individual may attend meetings of the Committee at the invitation of the Committee Chair, but are not members of the Committee.

It is intended that all members of the Committee shall have familiarity with financial management and at least one Committee member shall have expertise in financial accounting and reporting.

If a member is unable to act for any reason, the Chair may appoint another non-executive director as an additional member, provided, where practicable, that the majority of members of the Committee shall be independent.

The Secretary of the Committee shall be the Company Secretary or such other person as the Committee may appoint.



Meetings

The Committee shall meet at least four times a year as follows:

- immediately prior to the release of the full-year financial statements.
- immediately prior to the release of the half-yearly financial statements.
- on at least two other occasions during the year.

A notice of each meeting confirming the date, time and venue together with the agenda and Committee papers shall be forwarded to each member of the Committee at least three working days prior to the date of the meeting, although any such notice period may be waived or shortened with the consent of all members of the Committee for the time being.

The Secretary shall attend all Committee meetings and record minutes as minute secretary. All minutes of the Committee, when approved and signed by the Committee chairperson shall be circulated to all members of the Board (unless a conflict of interest exists) and then shall be entered into a minute book maintained for that purpose and shall be open at all times for inspection by any director.

A quorum shall comprise any two Committee members. In the absence of the Committee Chair or appointed delegate, the members shall elect one of their number as Chair for that meeting.

The Committee may, with the prior approval of the Board, engage independent advisors in relation to any matter pertaining to the responsibilities of the Committee.

The Committee shall report to the Board annually, in writing, on all matters relevant to the performance of its role and the discharge of its duties during the period.

The Chair of the Committee should attend the Company's annual general meeting for the purpose of handling any questions or enquiries of the meeting about the latest audit.

ROLES AND RESPONSIBILITIES

Financial reporting

To assist the Board in determining the reliability, integrity and appropriateness of accounting policies, financial reporting and disclosure practices.

To monitor compliance with applicable accounting standards and other requirements relating to the preparation and presentation of financial results.

To assess the adequacy and clarity of presentation of financial information to shareholders.

To review financial reports and to recommend to the Board their adoption, taking into account a declaration from the Managing Director and CFO that, in their opinion, the financial records of the entity have been properly maintained and that the statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group and that the opinion has been formed on the basis of sound systems of internal control and risk management, which are operating effectively. The statement by the Managing Director/CFO relate to financial statements for any reporting period.

To assess, review and challenge, where reasonable, the appropriateness of significant accounting policies, on a year on year basis for the Company.

To review and challenge where necessary, compliance with accounting standards and assess whether the Company has made appropriate estimates and judgments, taking into account the views of the Company's external auditors.



To review and challenge, where necessary, methods used to account for significant or unusual transactions, where different approaches are possible.

To review management's process for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting by the Company of financial and non-financial information.

To consider all significant accounting policy, valuation and reporting changes before consideration by the Board.

Review and challenge, where necessary, the clarity of disclosure in the Company's financial reports and the content in which statements are made.

Review and challenge, where necessary, all information presented in the Company's financial statements, such as operating and financial review and the corporate governance statements (insofar as it relates to the audit).

External auditors

To nominate the external auditor for approval by the Board and to approve the terms of the contract with the external auditor including the audit fees and the nature and quantum of non-audit services provided by the external auditor.

To evaluate and assess the performance and independence of the Company's external auditors and objectively, taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services.

To review and approve the annual audit plan.

To ensure the independence, authority and effectiveness of the external auditor and to maintain open lines of communication between the auditor and the Board.

To ensure the Committee has unfettered access to the external auditor and is entitled to meet with the auditor without management present.

To require the external auditor to:

- submit a formal written statement delineating all responsibilities and work completed by the auditor.
- report to the Committee on any significant issue raised with management.
- prepare any report or other disclosures to be included in Toxfree's annual report or other communications with shareholders on the relationship between the external auditors and the Company.
- Attend the AGM and be available to answer questions from shareholders relevant to the auditor.

Other

To consider such other topics, as may be requested by the Board.

To receive appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members, and have access to sufficient resources in order to carry out its duties.

To give due consideration to laws and regulations, including the provisions of the Corporations Act, the requirements of the ASX Listing Rules, and the Australian Accounting Standards.



The Company is not required to have an internal audit function, however in the absence of such a function, the Committee shall ensure that sufficient internal reviews of financials, operational and licence compliance procedures are carried out to minimise the risk to the Company in these areas.

To oversee any investigation of activities which are within its terms of reference.

To conduct an annual review of the Committee's own work, performance and these terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

- To review the adequacy of existing policies such as the Market Disclosure Policy and the Securities Dealing Policy and to comply with these policies and to identify areas which require policy development.
- To review the Company's procedures for detecting fraud.
- To review the Company's arrangements for its employees to review concerns in confidence about possible wrongdoing in financial reporting or other matters.
- To allow and oversee proportionate and independent investigation of allegations of employee conflict of interest, fraud, whistle-blower protection or malfeasance.

REVIEW OF CHARTER

This charter shall be reviewed by the Board on a regular basis and a report provided to the Board, if required, recommending any necessary amendment and additional duties and responsibilities.

Bob McKinnon
Chair

TOX FREE SOLUTIONS LIMITED **DOCUMENT CONTROL INFORMATION:**

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