

TRAFALGAR CORPORATE GROUP

AUDIT AND RISK COMMITTEE

CHARTER AND TERMS OF REFERENCE

CHARTER

Establishment

The Audit and Risk Committee (“the Committee”) is a committee of the Board of Trafalgar Corporate Group (ASX code “TGP”) and is established by a resolution of the Board in accordance with its Constitution.

Role

The Committee is created to assist the Board and make recommendations to enable the Board to discharge its responsibilities exercising due care, diligence and skill in relation to:

1. Compliance with:
 - reporting of financial information;
 - application of accounting policies;
 - financial management;
 - internal control systems;
 - risk management systems;
 - business policies and practices;
 - protection of TGP’s assets; and
 - compliance with applicable laws, ASX Listing Rules, regulations, standards and best practice guidelines or recommendations;
2. Improve the credibility and objectivity of the accounting process including financial reporting;
3. Provide a formal forum for communications between the Board and senior financial management;
4. Improve the effectiveness of internal control systems and be a forum for improving communications between the Board and the internal and external auditors;
5. Facilitate the maintenance of the independence of the external auditor;
6. Improve the quality of internal and external reporting of financial and non-financial information; and
7. Foster an ethical culture throughout the Group.

TERMS OF REFERENCE

Membership

The Committee will consist of three members, all of whom shall be non-executive Directors.

The Committee members must be appropriately financially literate and at least one member must have expert accounting or associated financial management experience. The Board shall determine the Chairman, members, and term of appointment of each member.

The Chairman of the Committee must not be the Chairman of the Board. The Company Secretary shall be Secretary of the Committee.

Meetings

The Committee shall meet as frequently as required but not less than four times a year and at least before any financial reporting disclosures.

The Chairman or the Secretary may call a meeting. Two Non-Executive Directors will constitute a quorum.

The Committee will meet with the external auditors and/or the internal auditors without members of management being present whenever it is deemed appropriate by the Chairman of the Committee.

Responsibilities

In performing its role and objectives, the Committee may review, assess and report to the Board on the following:

- a. Significant estimates and judgments in financial and managerial operations;
- b. Significant estimates and judgments in financial reports;
- c. The annual and half yearly financial reporting carried out by TGP (mandatory);
- d. The adequacy and accuracy of continuous disclosure in compliance with ASX Listing Rules;
- e. The scope, implementation and results of audit programs of the internal and external auditors and any material issues arising from these audits;
- f. Overseeing the independence of external auditors and determining procedures for the rotation of audit partners;
- g. The effectiveness of TGP's accounting systems, policies and practices and internal controls and compliance;
- h. Sufficiency of insurance cover;
- i. Sufficiency of identification, assessment, control and management of the full range (including accounting, financial, taxation, compliance, legal and operational) of actual or potential risk exposures which are material to TGP;

- j. Assessment of compliance with the Delegated Authority Policy in relation to medium through to major contracts entered into by TGP and assessment of achievement of outcomes expected;
- k. Assessment of the Risk Register;
- l. Related party transactions;
- m. Review and assessment of litigation which is threatened and prospects of pending litigation and associated costs and management time involved;
- n. Effectiveness of the auditor's mission, charter and resourcing (including qualifications, skills, experience, funding and equipment); and
- o. The effectiveness of the group's risk management systems and strategies as a whole.

In addition the Committee:

- Will recommend to the Board the appointment of external auditors and the level of their fees;
- Will review and approve the appointment and dismissal of the Compliance Officer (or the executive responsible for internal control systems and procedures);
- Will monitor and critique management's responsiveness to audit findings and recommendations; and
- May consult independent experts and institute special investigations if it considers it necessary in order to fulfill its responsibilities.

The Chairman of the Committee will report to the Board following each Committee meeting.

The Board will assess the effectiveness of the Committee annually and a report will be prepared and noted in the Minutes.

The Committee's Terms of Reference shall be reviewed annually and updated as required.