



JUSTKAPITAL

Litigation Partners Limited

AUDIT AND RISK COMMITTEE CHARTER

JustKapital Litigation Partners Limited
(ACN 088 749 008)

30 June 2015

1 OBJECTIVE

The overall objective of the Audit and Risk Committee is to assist the Board of Directors of the Company in fulfilling the Board's responsibility for oversight of the quality and integrity of the accounting, auditing, financial reporting and operational risks of the Company including:

- (a) exercising oversight over the compliance of the financial statements with the requirements of the Corporations Act and any other mandatory professional reporting requirements, statutory reporting requirements, making informed decisions regarding accounting and regulatory policies, judgements, practices and disclosures;
- (b) reviewing the scope and results of external audits;
- (c) assessing the effectiveness of the Company's internal controls; and
- (d) focusing appropriate attention on the risk management framework of the Company.

2 ADMINISTRATION

2.1 Membership

The Committee will consist of a minimum of two directors.

Members should be financially literate and the Committee Chairman should have significant and relevant accounting experience.

2.2 Committee Chairman

The Committee Chairman will preside at meetings of the Audit and Risk Committee. If the Committee Chairman is not present at a Committee meeting, the members must elect another member to act as Committee Chairman for that meeting.

The role of the Committee Chairman is to:

- (a) determine the agenda for meetings of the Committee in conjunction with the Committee Secretary (as defined below in section 3.4);
- (b) chair meetings of the Committee and take reasonable steps for the proper functioning of the Committee, including the proper conduct of meetings and an appropriate level of discussion;
- (c) take reasonable steps regarding the adequate flow of relevant information to the Committee;
- (d) take reasonable steps to advise the Board on the Committee's recommendations to the Board on matters falling within the scope of the Committee's responsibilities;
- (e) review the minutes of meetings of the Committee for circulation to and approval of the Committee and sign the approved minutes; and

- (f) act under a delegation of the Committee, including liaising on behalf of the Committee with consultants advising the Committee.

3 MEETINGS

3.1 Frequency of meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil its role. However, it is intended that the Committee will normally meet at least four times a year.

In addition, the Committee Chairman is required to call a Committee meeting if requested to do so by:

- (a) any Committee member;
- (b) the CEO, or COO in the event that a CEO has not been appointed;
- (c) the CFO; or
- (d) any other Director.

3.2 Attendance by non-members

All Directors may attend Committee meetings. The CEO, or COO in the event that a CEO has not been appointed, and CFO of the Company will normally be invited to attend Committee meetings at the invitation of the Committee but will have no voting rights. They will not attend closed sessions of the Committee with the external auditors.

Members of management and/or parties external to the Company may be invited to attend any Committee meeting or part thereof subject to the invitee not having a material personal interest in the matter of the Committee being considered. Non-members of the Committee may be asked to withdraw from all or any part of a meeting.

3.3 Meetings other than in person

Where deemed appropriate by the Committee Chairman, meetings may occur via conference call or other electronic means and approvals and recommendations may occur via unanimous written resolution.

3.4 Secretary

A delegate approved by the Committee will act as Secretary of the Committee and shall be responsible, in conjunction with the Committee Chairman, for drawing up the agenda (supported by explanatory documentation and papers) and circulating the Committee papers to Committee members prior to each meeting. Directors may request papers for or from any meeting and will be notified in advance of the agenda of forthcoming meetings.

The Committee Secretary will also be responsible for keeping the minutes of meetings of the Committee (except when the Committee is in closed session) and circulating them to the Committee Chairman for review, the other Committee members, other Board members and other Committee meeting attendees as appropriate.

3.5 Quorum

A quorum shall consist of at least two members.

4 DUTIES AND RESPONSIBILITIES – AUDIT

The Committee has the duties and responsibilities as set out in sections 4.1 to 4.6 below in respect of audit matters.

4.1 External Audit

- (a) Recommend to the Board the appointment and removal of the external auditors. This will include periodic reviews of the external auditor.
- (b) Review, consider and advise the Board on:
 - (i) the external auditor's annual plan;
 - (ii) the fees proposed by the external auditor, including whether an effective, comprehensive and complete audit can be conducted for the fee; and
 - (iii) the annual review of the qualification, expertise, resources and performance of the external auditor.
- (c) Confirm that there have been no unjustified restrictions or limitations placed on the external auditor.
- (d) Monitor the effectiveness, objectivity, and independence of the external auditors. This may include obtaining statements from the external auditors on relationships between them and the Company.
- (e) Review the scope and terms of the engagement for the external audit to establish that they are adequate, placing emphasis on areas where the Board, the Committee, management and/or the external auditors consider special emphasis is necessary.
- (f) Approve and monitor the Company's policy in relation to the provision of non-audit services by the external auditor to avoid impairing the external auditor's independence or objectivity.

4.2 Financial Statements

- (a) Review with management and in conjunction with the external auditor at the completion of the half yearly review and the annual audit, and advise and make recommendations to the Board on:
 - (i) the Company's financial statements and related notes (and adoption thereof);
 - (ii) the external auditor's audit or review of the financial statements and the report thereon;

- (iii) any significant changes required in the external auditor's audit plan, including new or proposed accounting practices, principles or developments, disclosure requirements and legislative or regulatory pronouncements and its effect on the external auditor's audit plan;
 - (iv) any serious difficulties or disputes with management encountered during the course of the audit or review; and
 - (v) other matters related to the conduct of the audit or review which are communicated to the Committee.
- (b) Review the significant accounting and financial reporting issues and judgements, including complex or unusual transactions made in connection with the preparation of the Company's financial statements, interim reports, preliminary announcements and related formal statements. Review the disclosures in the financial statements. Review recent regulatory and professional pronouncements and understand their impact on the financial statements, as advised by the CFO.
- (c) Review the Company's financial statements and consider whether they are consistent with information known to Committee members and reflect appropriate accounting principles, standards and regulations.

4.3 Internal controls

- (a) Consider and review with the external auditor:
- (i) the adequacy of the Company's internal controls in the context of the external audit work undertaken;
 - (ii) the adequacy of the Company's financial regulatory reporting to corporate regulators as appropriate, including its view on the quality and acceptability of the Company's accounting principles and policies; and
 - (iii) any related significant findings and recommendations of the external auditor and management's response thereto.
- (b) Consider and review with management and the CFO:
- (i) any matters that might have a significant impact on the financial condition or affairs of the Company;
 - (ii) the adequacy of the process for reporting and responding to significant control weaknesses including the adequacy and results of management's investigation and follow up and whether there are unresolved issues as reported by the external auditor;
 - (iii) the adequacy of the Company's internal controls;
 - (iv) any difficulties encountered in the course of reviews, including any restrictions on the scope of the work or access to required information;
 - (v) any instances of significant internal and external fraudulent activity identified and responses thereto; and

- (vi) the findings of any auditor observations.
- (c) Review any other reports the Company issues that relate to Committee responsibilities.
- (d) Meet privately with the following persons or parties at least annually in separate sessions to discuss any matters that the Committee or these parties believe should be discussed privately with the Committee:
 - (i) CFO; and
 - (ii) the external auditors.

4.4 Other responsibilities

To perform or undertake on behalf of the Board any such other tasks, investigations or actions as the Board may from time to time authorise.

4.5 Complaint handling

Review and consider the resolution of complaints regarding accounting, internal accounting controls or auditing matters from employees and the process to protect such employees making complaints.

4.6 Miscellaneous

Institute and oversee special investigations including consultation with independent experts as needed.

5 DUTIES AND RESPONSIBILITIES – RISK

The Committee has the following duties and responsibilities:

- (a) Review and endorse the Company's risk management framework and significant variations to it, including overseeing its effectiveness, with a view specifically to enable the timely and effective identification of material risks to the Company.
- (b) Receive and review reports concerning the appropriateness of the risk management framework and approve or vary it as necessary.
- (c) Review and make recommendations to the board on the Company's overall risk profile and risk appetite as well as the Company's risk profile in each risk area of market, liquidity, equity, credit, regulatory, and operational. There should also be a review of:
 - (i) developments in markets in which the Company operates;
 - (ii) the appropriate level of insurance cover that the Company should maintain, including the terms and conditions of any such insurances; and

- (iii) experience of profits and losses in each risk category to provide confidence that the Company's policy reflects and is consistent with experience.
- (d) Review and make recommendations to the board on the Company's capital management plan including information on the Group's capital adequacy and economic capital model.
- (e) Review and approve risk matters requiring Board approval including significant variations to policies, limits and delegations of authority where these have not been reviewed by the Board.
- (f) Review limit and policy breaches to the extent that there are implications for the risk management framework.
- (g) Assess the risk management framework against the expectations of corporate regulators.

6 PERIODIC REVIEW

The Committee has the responsibility to:

- (a) review this Committee Charter annually and recommend any proposed changes to the Board for approval;
- (b) conduct a periodic, but at least biennial, evaluation of the Committee's performance and the extent to which the Committee has met this Committee Charter; and
- (c) review any other relevant risk management guidelines as appropriate.

7 ACCESS

The Committee shall have free and unfettered access to all personnel and other parties (internal and external), including the external auditors and legal advice.

Committee members may seek independent professional advice for company related matters at the Company's expense, subject to the estimated costs being approved by the Chairman of the Board, in advance, as being reasonable.

8 REPORTING

The Committee, through the Committee Chairman, is to advise and make recommendations to the Board on matters falling within the scope of its responsibilities. Such advice may be in the form of minutes of its meetings, supporting papers, or written or oral reports at Board