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AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

1 INTRODUCTION

This is the charter of the Audit and Risk Management Committee of the Board of Directors of DataDot Technology Ltd. The charter governs the procedures for the Audit and Risk Management Committee and outlines the role and duties of the Committee.

2 AUDIT AND RISK MANAGEMENT COMMITTEE

2.1 Role of Committee

The Committee is appointed by the board of directors to assist the board in discharging its corporate governance and oversight responsibilities.

(a) In relation to **audit** the Committee will:

- oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information;
- review the effectiveness of the company's internal financial control ;
- ensure an independent audit process;
- recommend the appointment of the external auditor;
- assess the performance of the external auditor;
- oversee the company's compliance with acts, regulations and its own Code of Conduct in relation to financial reporting; and
- report to the Board.

(b) In relation to **risk management** the Committee will

- identify, analyse and assess internal and external business risks in the context of DDT's business strategies;
- establish appropriate levels of acceptable business risk;
- establish and review risk management and mitigation strategies;
- monitor the integrity and effectiveness of internal controls and reporting systems;
- report to the Board on the level of risk exposure and effectiveness of the risk management policy;
- review cover and scope of company insurances; and
- observe the recommendations of the ASX Corporate Governance Guideline on risk management and internal control and the requirements of the Australian Standard for Risk Management (AS/NZ 4360).

(c) In relation to **compliance** the Committee will:

- monitor, assess and periodically review the Group's compliance obligations arising under laws and regulations, internal policies and procedures, and

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contracts, ensuring conformity with the Australian Standard for Compliance (AS 3806);

- obtain regular updates of compliance matters that may have a material impact on the company's financial statements or compliance policies;
- be satisfied that all relevant compliance matters have been considered in the preparation of the financial statements; and
- review the findings of any examinations by regulatory agencies.

2.2 Additional Functions of Committee

In addition to the purpose described above, the Board may delegate additional functions to the Committee from time to time. This may include, but not be limited to, review of wider corporate governance and specific risk management issues.

2.3 Composition

2.3.1 Number of Members and Quorum

The Committee should consist of a minimum of 3 directors, a majority of whom should be independent directors.

The quorum for all meetings of the Committee will be 2 Committee members.

2.3.2 Chairman

The Board will appoint the Chairman of the Committee. In the absence of the Committee Chairman, the members will elect one of their number as Chairman for that meeting.

2.3.3 Removal or resignation

If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee and the Board will appoint a successor.

2.3.4 Committee may invite

The Committee may invite any member of the executive management, the internal auditor, the external audit engagement partner or other individual to attend meetings of the Committee.

At meetings held to consider half-year and full year reports, the external audit engagement partner will be invited to present his findings, comments and suggestions resulting from the audit work performed.

All directors, regardless of whether they are members of the Committee, are invited to attend the meetings and will be provided with copies of the Committee papers.

2.3.5 Secretary

The Company Secretary will be the secretary of the Committee.

2.4 Frequency and Procedure for Calling of Meetings etc.

The Committee will meet quarterly or more regularly if necessary.

The Secretary or any Committee member may call a meeting of the Committee. Preferably one week prior to the date of a meeting a notice confirming the date, time, venue and agenda of the meeting will be distributed to each Committee member (with a copy to each Board member).

The Secretary will keep minutes of each meeting and the resolutions of the Committee. After the Committee Chairman has approved the minutes they are to be distributed to all Committee members.

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

2.5 Committee Governance

The Secretary will ensure that the minutes of the Committee meetings are included in the papers distributed with the agenda for the next Board Meeting.

When the auditor is present at meetings the Chairman will ensure that provision is made for discussion between non-executive members of the Committee and the auditor.

3 DUTIES AND RESPONSIBILITIES

In order to fulfil its responsibilities to the Board the Committee will:

3.1 Internal control

- Understand the internal control systems implemented by management for the approval of transactions and the recording and processing of financial data.
- Understand the controls and processes implemented by management to ensure that the financial statements are derived from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate management review.
- Evaluate the overall effectiveness of the internal control and risk management frameworks and consider whether recommendations made by the auditor have been implemented by management.

3.2 Financial Reporting

- Gain an understanding of the current areas of greatest financial risk and how these are being managed.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports.
- Oversee the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements and preliminary announcements prior to their release.

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- Receive and review all representation letters signed by management to ensure that the information provided is complete and appropriate.
- Review management's process for ensuring that information contained in analyst briefings and press announcements is consistent with published financial information, balanced and transparent.
- Meet with management and the external auditors to review the financial statements, the key accounting policies and judgments, and the results of the audit.
- Ensure the significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditor.
- Review the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the company and its operations and lacks bias.

3.3 Working with the Auditor

- Annually review the performance of the external auditor and make recommendations to the board for the appointment, reappointment or termination of the appointment of the external auditor.
- Review the external auditors' proposed audit scope, approach and fee for the current year in the light of the company's present circumstances and changes in regulatory and other requirements.
- Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
- Ensure that significant findings and recommendations made by the external auditors and management's proposed response are received, discussed and executed.
- Discuss with the external auditor the appropriateness of the accounting policies applied in the company's financial reports.

3.4 Reporting responsibilities

- Regularly update the board about Committee activities and make appropriate recommendations.
- Ensure the board is aware of matters that may significantly impact on the financial condition or affairs of the business.
- Prepare any reports required by law or listing rules or requested by the board, for example a report on the audit committee's activities and duties to be included in the section on corporate governance in the annual report.

4 REVIEW

The Chairman of the Committee will conduct an annual review of this Charter to ensure that it continues to meet the requirements of an effective Audit and Risk Management Committee. Any proposed amendments to the Charter that stem from such a review must be submitted to the Board for approval.