



AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

1 Role

The Board of Directors of PowerAsia Limited ('PowerAsia' or 'the Group') has established an Audit, Risk and Compliance Committee ("the Committee") which operates pursuant to this Charter. The role of the Committee is:

To assist the Board of Directors (the 'Board') to meet its fiduciary responsibilities, by monitoring and advising the Board in relation to:

- (a) The Group's financial reporting process;
- (b) the external auditors' scope, independence and performance;
- (c) the Group's internal control structures, including the internal audit function;
- (d) compliance with the Group's policy framework;
- (e) the Group's overall risk management program; and
- (f) the effectiveness of the compliance system to ensure that legal and regulatory requirements are met.

Facilitate the effectiveness of the internal and external audit functions, and act as a conduit to the Board for external advice on audit, risk management & compliance matters and provide a formal forum for communication between the Board and senior financial management.

2 Purpose

The Committee will monitor, investigate and make recommendations to the Board with respect to:

Financial Statements

- (a) Consider the appropriateness of the Company's accounting policies and principles and any changes, as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework.
- (b) Assess information from the external auditor that affects the quality of financial reports.
- (c) Recommend to the board whether the financial and non-financial statements should be signed based on the committee's assessment of them.
- (d) Call for the Chief Executive Officer (CEO) and senior financial staff to state in writing to the Board that the integrity of the company's financial statements and notes thereto are founded on a sound system of risk management and internal compliance and control which implements the policies approved by the Board, and that the Group's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

Risk Management and Internal Controls

- (a) Monitor and assess the key financial, business and operational risk exposures of the Company and the consequences of major risk events.
- (b) Ensure that management has appropriate processes for identifying, assessing, monitoring and managing risks having regard to the Company's strategy and risk profile;
- (c) Understanding the internal control systems implemented by management for the approval of transactions and the recording and processing of financial data;
- (d) Assess the internal controls, policies and procedures for managing and reporting on key financial risk areas (i.e. metal prices; foreign exchange, interest rates, tax expenses and significant costs).
- (e) Reviewing the Group's Hedging Policy (as set out in the Company's Financial Risk Management Policy), market-to-market positions, the effectiveness of hedging policies, procedures and practices and the level of hedging verses available resource reserves.
- (f) Reviewing annually the insurance programs in place and considering the level of self insurance.



Compliance with Laws and Regulations

Oversee the review of the effectiveness of the compliance system for monitoring compliance with laws and regulations applicable to PowerAsia. Ensure that the results of management's significant investigations and recommendations (including disciplinary action) for any identified acts of material non-compliance are implemented. Obtain regular updates from management (and the Group's legal advisors as required) regarding compliance matters that may have a material impact on the Group's reputation or financial statements.

Make appropriate enquiries and consider relevant reports to satisfy itself that all regulatory compliance matters related to the business of the Group have been considered in the preparation of the financial statements. Review the appropriateness of management's responses to, and implementation of, any findings and recommendations resulting from any significant investigations by regulatory agencies.

External Audit

- (a) Make recommendations to the Board on the appointment, reappointment or termination and remuneration of
- (a) the external auditors.
- (b) Monitor the effectiveness and independence of the external auditor.
- (c) Invite the external auditor to attend relevant committee meetings to, review the audit plan, discuss audit results and consider the implications of the external audit findings.
- (d) Together with the external auditor, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis.
- (e) Provide the opportunity for the committee members to meet with the external auditors without management personnel being present at least twice a year.

3 Meetings

Meeting Frequency

Any member of the Committee or the Secretary to the Committee may call a meeting of the Committee. The Audit and Risk Committee will meet as frequently as required but meet formally not less than four times each year, and as a minimum will address the following items:

- (a) February/March
 - review the annual audit plan and engagement of the auditor; and
 - review the half-year financial report;
- (b) June
 - review the plan, timetable and process for year-end accounts and statutory reporting; and
 - review accounting policies;
- (c) August/September
 - review the annual report, and
 - consider external auditor's fees and effectiveness
- (d) November
 - undertake a review of this Charter,
 - undertake a review of the Risk Management Policy, and
 - conduct a formal review of risk management systems and delegation of authority.

Quorum

A quorum is two members.

Committee Agenda and Papers

Committee agendas should be settled by the Chairman in conjunction with the Company Secretary, and Committee papers should be provided to Committee members sufficiently far in advance of scheduled meetings to permit adequate preparation.

Professional Advice

The Committee may have access where necessary to professional advice from external advisers, and may meet with external advisers without management being present.



4 Power

The Committee shall have the authority to seek any information it requires from any officer or employee of the Group or its controlled entities and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries. The Committee may invite any executive director, executive, other staff member or external or internal auditor to attend all or part of a meeting of the Committee.

The Committee may consult independent experts and institute special investigations if it considers it necessary in order to fulfil its responsibilities. In executing its responsibilities, the Committee has the authority to:

- (a) access management and seek explanations and additional information;
- (b) seek any information it requires from any employees and external parties.
- (c) obtain outside legal or other independent professional advice at the expense of the Group;
- (d) secure the attendance of third parties with relevant experience and expertise if it considers this necessary.

5 Composition

The Audit, Risk and Compliance Committee is a committee of the Board established in accordance with section 15.10 of the Group's constitution.

Members of the Committee shall comprise of a minimum of two (2) non-executive directors of the Company, with a majority of members to be independent non-executive directors.

The chairman and members of the Committee are appointed by the Board and may be appointed for specified terms. Membership of the Committee will be reviewed annually by the Board.

The Chairman of the Board may not be the Chairman of the Committee.

The Company Secretary is the secretary to the Committee.

6 Reporting

The Committee is required to make recommendations to the Board on all matters within its responsibility.

The Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members for comment and if required, change, before being signed by the Chair of the Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are tabled at the Board meeting following the Committee meeting along with any recommendations of the Committee.

The Committee Chairman will:

- (a) report to the Board on the proceedings of each Committee meeting (to the next Board meeting); and
- (b) attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee's activities and areas of responsibility.

7 Review

The Committee will prepare and provide to the Board an annual review based on:

- (a) an evaluation of its performance against its Charter, goals and best practice;
- (b) Including the performance of individual Committee members.
- (c) recommended goals and objectives for the coming year; and
- (d) recommended changes or improvements to its Charter if necessary by the Board.