

# Medical Developments International Limited

## Audit & Risk Committee Charter

**This Charter sets out the basis on which the Board has established and Audit and Risk Committee pursuant to the authority contained in, and subject to the provision of the Medical Developments International Limited (“MVP”) Constitution**

### 1. Objective

The purpose of the Audit and Risk Committee (the “ARC”) is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to:

- The integrity of MVP’s financial reporting;
- The effectiveness of MVP’s systems of financial risk management and internal control;
- The external audit function and integrity of the process;
- MVP’s risk profile and risk policy; and
- The effectiveness of MVP’s risk management framework and supporting risk management systems.

The duties and responsibilities of the ARC to fulfil this purpose are described in this Charter.

### 2. Membership and Competencies of the Committee

- a) The ARC shall be members of, and appointed by, the Board;
- b) The ARC shall be of sufficient size, independence and technical expertise to discharge its mandate effectively;
- c) The ARC will comprise a minimum of at least 2 members one of which shall be elected Chairman of the ARC;
- d) Each member of the ARC will be financially literate, have familiarity with financial management and an understanding of the industry in which MVP operates; and
- e) If a member ceases to be a director of the Board of MVP, that member ceases to be a member of the ARC.

### 3. Administrative Matters

#### 3.1 Frequency of meetings and convening of meetings

- The ARC shall meet as often as necessary to undertake its role effectively and a minimum of twice each year.
- Additional ARC meetings may be convened as the Chair of the ARC considers necessary, taking into account requests from any member.

#### 3.2 Quorum

- A quorum of the ARC will comprise two members.

#### 3.3 Secretary and Minutes

- The Company Secretary will be the Secretary of the ARC;
- Minutes of ARC meetings will be prepared by the Secretary, approved by the Chair of the ARC in draft and circulated to all members; and
- The minutes of an ARC meeting will be confirmed at the next meeting and then signed by the Chair of the ARC.

### 3.4 Attendance at meetings

- Directors who are not members of the ARC, the CEO and other executives may attend meetings of the ARC at the invitation of the ARC Chairman;
- Other members of management and/or parties external to MVP may be invited to attend all or part of any meeting of the ARC, as the Chair of the ARC sees fit;
- Representatives from the external auditors will be invited to attend meetings of the ARC; and
- The external auditor will also be required to meet separately with the ARC, without management, at least twice per annum or upon the request of the Chair of the ARC. Such meetings may occur during formally scheduled ARC meetings.

### 3.5 Reporting and access

- The Chairman of the ARC will report to the Board as soon as practical after each meeting of the ARC on matters that should be brought to the attention of the Board. Any recommendations requiring Board approval and/or action will be presented to the Board.
- The ARC has authority to conduct or direct investigations in to any matters within its Charter. The ARC is entitled to obtain external independent legal or professional advice as considered necessary or desirable by the ARC to assist it in any investigation or to carry out its duties. As appropriate the Chair of the ARC will inform the Chair of the Board, the CEO, the CFO and the Company Secretary of its decision to authorize such an investigation or obtain such external advice.
- The ARC will have access to management for the purpose of seeking explanations and additional information from management.

## 4. Duties and Responsibilities

The ARC is responsible for:

### Audit

#### 4.1 Financial Reporting

Oversight of the financial reporting process on behalf of the Board and to recommend to the Board appropriate actions in the interests of the integrity of financial reporting.

The ARC also reviews information provided to security holders and the Board for accuracy and integrity.

#### (a) Integrity of Financial Statements

- Review of the statutory financial reports of the Group to ensure that the ARC is satisfied that the reports provide a true and fair view of the financial affairs of the Group.
- Review of the representations provided by the management in relation to the statutory financial reports (typically at full year and half year end).
- Make recommendations arising from the above reviews for consideration by the Board in connection with adoption of the statutory financial reports.

#### (b) Effectiveness of Internal Financial Control

- Discuss with management and the external auditor the Group's accounting and financial controls, including the policies and procedures to assess, monitor and supervise financial risk, business risk, legal and ethical compliance programs for the purpose of forming a view as to the effectiveness of these controls, policies, procedures and programs;
- In co-operation with management and the external auditor, recommend improvements to the Group's accounting and financial controls;
- Discuss with management and the external auditor the Group's accounting policies and methods for the purpose of forming a view as to the appropriateness of these policies (recommending changes where necessary);

- Review all reports produced by the external auditor and management's response to the matters raised to ensure that the ARC is satisfied that accounting records are properly maintained in accordance with statutory requirements;
- Monitor compliance of the Group's internal financial controls and systems with applicable laws and regulations; and
- Obtain regular reports from the external auditor on the critical policies and practices of the Group (and on alternative treatments of financial information within generally accepted accounting principles where considered necessary).

#### (c) External Audit Function and Integrity of the Process

- Recommend to the Board the appointment (and, where appropriate, replacement) of the external auditor and the terms of their engagement;
- Agree with the external auditor the overall scope of the external audit, including identified risk areas and any additional procedures considered necessary;
- Review of any external audit plans, including changes to those plans, and review of any progress report prepared by the external auditor and determine whether all matters raised are receiving appropriate attention;
- Resolve any disagreements between the external auditor and management in relation to financial reporting; and
- Monitor and periodically evaluate the effectiveness of the external auditor.

#### (d) Independence of the External Auditor and Provision of Non-Audit Services

- Periodically (at least once per annum) assess the independence of the external auditor by considering the relationships and services provided by the external auditor that may lead to an actual or perceived lack of independence; and
- Receive from the external auditor and review a written report stating that the external auditor has complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's accounts; and

#### (e) Other Duties and Responsibilities

- Perform other activities related to this Charter as requested by the Board;
- Institute and oversee special investigations as and when needed;
- Review and assess the adequacy of the ARC Charter annually, requesting Board Approval for proposed changes and ensure appropriate disclosure as may be required by law or regulation; and
- Confirm annually that all responsibilities outlined in this Charter have been carried out.

### 4.2 Risk Oversight

#### (a) Financial Reporting

- Review of the Group's assessment of material risks and form an opinion on the adequacy and effectiveness of the risk assessment based on an evaluation of the rigour and suitability of the process undertaken;
- Consider the processes that management uses to design and assure controls and to measure their effectiveness together with reports from Management to form an opinion on the reliability of the risk assessment;
- Review of the Group's risk profiles as developed by management and monitor emerging risks and changes in the Group's risk profile;
- Report any material changes in risk profile to the Board;
- Compare the material risk assessment and the risk profile with MVP's policies and risk appetite and draw conclusions as to their appropriateness; and
- Where the ARC identifies opportunities to create value by taking on further or different risks, make recommendations to the Board on the strategies that could be undertaken to capitalise on the identified opportunities.

**(b) Effectiveness of the Risk Management Framework**

- Review, recommend to the Board, and oversee the operation of, risk management policies and procedures, so that there is, amongst other things:
  - A procedure for identifying risks relevant to the Group's businesses and controlling their financial or non-financial impacts on the Group;
  - An adequate system of internal control, risk management and safeguarding of assets;
  - A system of reporting and investigating breaches of risk management policies and procedures;
  - A review of internal control systems and the operational effectiveness of risk management policies and procedures
  - A culture of risk management and compliance throughout the Group; and
  - Adequate resources to support the risk management function and enable proper remedial action to be taken to address areas of weakness.
  
- Satisfy itself that the Group has appropriate resources and effective systems to Identify, assess, treat and report risks material to the achievement of the Groups strategic plans and objectives;
- Assess the Groups risk appetite and ensure tolerance is aligned with the objective of the group;
- Ensure the Group risk framework remains relevant, contemporary and in compliance with all applicable laws, regulations and international standards; and
- Review and make recommendations to the Board regarding the Groups risk profile as necessary

**5.0 REPORTING TO THE BOARD**

The Chairman of the ARC (or a person nominated by the Chairman of the ARC for that purpose) must report on the ARC's proceedings and on all material matters relevant to the ARC's duties and responsibilities to the Board at the next Board meeting following each ARC meeting, and make any recommendations the ARC deems appropriate.

**6.0 PERFORMANCE REVIEW**

The ARC must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Committee. It must recommend to the Board any suggested changes in the membership, duties and responsibilities of the ARC and the terms of this Charter.