

Audit Functions

The Board has not followed Recommendation 4.1: <Establish an audit committee> and Recommendations 4.3: <The audit committee should have a formal charter>in view of the nature and extent of the Company's operations, the long-standing tenure of directors, the close relationship with the senior management team, interests associated with the directors hold a majority of the issued securities of the Company.

The ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. To discharge that responsibility, the Board is vested with the duties of:

- oversee the existence and maintenance of internal controls and accounting systems;
- ensure the integrity of the financial reporting process;
- review the annual and half-yearly financial statements;
- oversee the independence of the external auditor; and
- ensure the existence of a process for identification and management of key business risks.

The Board has rights of access to management, rights to seek explanations and additional information, and access to external auditors without management being present.