



AUDIT AND RISK COMMITTEE CHARTER

AUDIT COMMITTEE

The Board of Directors (“**the Board**”) of Advance NanoTek Limited ACN 079 845 855 (“**the Company**”) has established an Audit and Risk Committee (“**the Committee**”) which operates pursuant to this Charter.

1. Purpose of the Committee

- 1.1. To review the integrity of the company’s financial reporting and oversee the independence of external auditors.
- 1.2. To liaise with external auditors.
- 1.3. To review the company’s risk management processes in accordance with the Board policy (attached).

2. Composition of the Committee

- 2.1. Members of the Committee shall be appointed by the Board for such terms as the Board deems appropriate and shall hold office for such time or until they are removed by the Board or cease to be Directors of the Company.
- 2.2. The Committee Shall:
 - (a) Have a minimum of three members;
 - (b) Consist of two non-executive Directors and the Managing Director; and
 - (c) Include two members with qualifications and experience directly applicable to financial reporting and the audit process (e.g. a qualified accountant).

3. Training and Development

- 3.1. Directors will review ongoing briefings of development in accounting standards.

4. External Auditors

- 4.1. The Committee, if required, shall meet with the external auditors exclusive of management at least twice a year.
- 4.2. External auditors will be present (personally or by telephone) at the Annual General Meeting to answer any questions of shareholders.

5. Managing Director / Chief Financial Officer Declarations

- 5.1. The Audit Committee will receive a declaration from the Managing Director and / or Chief Financial Officer before the financial statements are adopted.

6. Members of the Committee

| Position | Member |
|------------------------|----------------|
| Non-Executive Chairman | Rade Dudurovic |
| Non-Executive Director | Lev Mizikovsky |
| Managing Director | Geoff Acton |

The Chairman of the Audit Committee is chaired by a non-executive Director with extensive accounting experience who is independent.

RISK MANAGEMENT

The Board of Directors (“**the Board**”) of Advance NanoTek Limited ACN 079 845 855 (“**the Company**”) has adopted the following Risk Management Policy.

1. Purpose

1.1. The purpose of this policy is to affirm the Board’s commitment to maintaining appropriate Risk Management strategies and clear reporting to stakeholders on how risks are managed.

2. Responsibilities of the Board

2.1. The Board is responsible for oversight and review of the Company’s risk management strategy to ensure it is sufficiently clear and in line with the Company’s overall risk tolerance and expectation of stakeholders and for reporting to stakeholders on how risks are managed.