

Mariner Financial Limited
Audit, Finance and Risk Committee
Charter

1 Objectives

The primary function of the Audit Finance and Risk Committee (AFRC) is to assist the Board of Directors of Mariner Financial Limited (MFL) and the boards of its wholly-owned subsidiaries, in fulfilling their responsibilities of oversight and corporate governance to shareholders and to oversee the risk profile of the Mariner Group of companies.

AFRC's role is to report to the boards and provide appropriate advice and recommendations on matters relevant to this Charter in order to facilitate decision-making by the boards.

AFRC's responsibilities and scope of activities include reviewing the:

- a) Integrity of the financial statements of the Group;
- b) External auditor's qualifications, performance and independence;
- c) Performance of the Group's internal audit function;
- d) Management of risk; and
- e) Group's compliance with legal and regulatory requirements.

AFRC will primarily fulfil these responsibilities by carrying out the activities outlined in Section 6 of this Charter.

2 Authority

2.1 The Board of MFL authorises AFRC, within the scope of its responsibilities, to:

- a) Seek information it requires from:
 - i) any employee of MFL and any director or employee of any subsidiary company (and all such persons are directed to co operate with any request made by AFRC); or
 - ii) any relevant external party.
- b) Retain legal or other professional advisors.
- c) Request the attendance of employees of MFL or directors or employees of any subsidiary company at meetings as appropriate.
- d) Exercise a right of access to the external auditor and to oversee and coordinate the external audit activity.
- e) Approve frameworks, policies and processes for the management of risk.

- 2.2 The AFRC does not have executive powers or authority to implement actions in areas over which management has responsibility. It does not have any delegated financial responsibility; nor does it have any management functions.

3 Organisation and Membership

- 3.1 The AFRC shall be comprised of at least three members, as determined by the Board, a majority of which shall be non-executive directors of MFL, free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of his or her judgment as a member of the AFRC. Where there are three or more non-executive directors of MFL, three of them shall become members of the AFRC.
- 3.2 The Managing Director of MFL shall not be a member of AFRC.
- 3.3 The chairman of AFRC will be nominated by the Board of MFL from time to time. The chairman shall not be the chairman of MFL.
- 3.4 All members of AFRC shall have a working familiarity with basic finance and accounting practices.
- 3.5 Members will be appointed for a 12 month term, and can be appointed for a subsequent term.
- 3.6 Each AFRC member will obtain an understanding of the responsibilities of committee membership, as well as of the Group's business, operations and risks. AFRC members should receive continuous training. New AFRC members will receive induction training.
- 3.7 Remuneration for members' role on AFRC will be determined by the Board of MFL. To the extent there is additional remuneration payable, it should be a fixed amount.

4 Meetings

- 4.1 The AFRC shall meet at least twice a year or more frequently as circumstances dictate.
- 4.2 AFRC may request any officer or employee of the Group, outside legal counsel, the external auditor or any person or group with relevant experience or expertise to attend meetings of the AFRC or to meet with any members or consultants to the AFRC.
- 4.3 A quorum for any meeting will be two members.
- 4.4 Should the chairman of the AFRC be absent from any meeting of the AFRC, the members of the committee present at that meeting shall appoint one of their number to be chair of that meeting.
- 4.5 The secretary of AFRC will be the company secretary of MFL or his or her designated representative, or such other person as nominated by AFRC. The secretary will be responsible for coordinating meetings of AFRC, including collation and circulation of an agenda and papers to be considered prior to each meeting.

The external auditor should be invited to submit agenda items. The secretary will circulate minutes of meetings to members of the AFRC and the Board. The proceedings of all meetings will be minuted and signed by the chairman of AFRC. Those minutes will be distributed to the boards of MFL and its wholly-owned subsidiaries as part of the papers for the meeting of each board next following the relevant AFRC meeting.

- 4.6 Any member of AFRC, the Managing Director of MFL or the external auditor may convene a meeting, if they consider that it is necessary, by request to the secretary.

5 Reporting

The AFRC shall regularly update the Board about committee activities and make appropriate recommendations. The AFRC shall review any reports required by law or listing rules or requested by the Board. At the discretion of the chairman and members of the AFRC, matters considered to be of major importance will be referred to the Board for its attention.

6 Responsibilities and Duties

AFRC's responsibilities can be divided into the following areas:

6.1 External Audit

- a) Review the external auditor's proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on this scope.
- b) Review the performance of the external auditor.
- c) Consider the independence of the external auditor in accordance with the company's policy for auditor independence.
- d) Make recommendations to the board of MFL regarding the appointment, reappointment or termination of the external auditor.
- e) Meet separately with the external auditor to discuss any matters that AFRC or the auditor believes should be discussed privately.
- f) Ensure that significant findings and recommendations made by the external auditor are reviewed and discussed on a timely basis.
- g) Ensure that management responds to those recommendations by the external auditor that have been accepted by AFRC.

6.2 External Reporting

- a) Consider the appropriateness of 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. To do this, AFRC will need to request management to inform the committee of:

- i) Whether the methods chosen by management are consistent with Accounting Standards, Accounting Concepts and Urgent Issues Group Consensus Views;
- ii) Any changes in significant accounting policies or their application during the reporting period;
- iii) The methods used to account for significant unusual transactions or transactions in emerging areas for which there may be no specific accounting standard, including management's reasoning in determining the appropriateness of those methods;

and then request the external auditor to inform the committee of its views in relation to the above.

- b) Assess significant estimates and judgements in financial reports by enquiring of management about the process used in making material estimates and judgements and then enquire of the external auditor the basis for its conclusions on the reasonableness of management's estimates.
- c) Review management's processes for ensuring and monitoring compliance with laws, regulations and other requirements (including Australian Accounting Standards, Corporations Act and Australian Stock Exchange listing rules) relating to the external reporting of financial and non-financial information.
- d) Ensure that a comprehensive process is established by management to capture issues for the purposes of continuous reporting to the Australian Stock Exchange.
- e) Assess information from the external auditor that affects the quality of financial reports (e.g. actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations and internal control issues).
- f) Ask the external auditor for an independent judgement about the appropriateness, not just the acceptability, of the accounting principles used and the clarity of the financial disclosure practices used or proposed to be used as put forward by management.
- g) Review documents and reports to regulators and make recommendations to the board of MFL on their approval or amendment.
- h) Assess the management of non-financial information in documents (both public and internal) to ensure the information does not conflict inappropriately with the financial statements and other documents and assess internal control systems covering information releases that have the potential to adversely reflect on the conduct of MFL or its wholly-owned subsidiaries.
- i) Review for completeness and accuracy the reporting of main corporate governance practices as required under the Australian Stock Exchange listing rules.
- j) Recommend to the boards of MFL and its wholly-owned subsidiaries whether the financial and non-financial statements should be signed based on the committee's assessment of them

6.3 Financial Management

- a) Ensure that appropriate facilities are in place so that the borrowing and hedging requirements and the contingent commitments of MFL and its wholly-owned subsidiaries can be fulfilled as needed.
- b) Review the process for management of the Group's liquidity position.
- c) Ensure appropriate insurances are in place to appropriately protect directors, executive employees and the assets of the business.

6.4 Internal Control

- a) Assess the internal process for determining and managing key operational risk areas, particularly:
 - i) Non-compliance with laws, regulations, standards and best practice guidelines;
 - ii) Litigation and claims; and
 - iii) Fraud and theft
- b) Ensure there is an effective risk management system and that major risks are reported at least annually to the board of MFL.
- c) Receive from management reports on all suspected and actual frauds, thefts and breaches of laws.
- d) Address the effectiveness of the internal control system with management and the external auditor.
- e) Evaluate the process in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
- f) Assess the effectiveness of and compliance with the corporate code of ethical conduct.
- g) Meet periodically with management and the external auditor to understand and discuss the control environment.

6.5 Related-party Transactions

- a) Review and monitor the propriety of related-party transactions.

6.6 Internal Reporting

- a) Regularly update the boards of MFL and its wholly-owned subsidiaries about AFRC activities and make appropriate recommendations.
- b) Ensure the boards are aware of matters which may significantly impact the financial condition or affairs of the relevant company.

6.7 Transactional Risk Management

- a) Review the internal processes for assessing and managing key business risks, including credit, market, documentary and settlement risks.
- b) Ensure there is an effective risk management system in place.
- c) Assess whether management has controls in place for unusual types of transactions.

6.8 Other Responsibilities

- a) Perform other oversight functions as requested by the boards of MFL and its wholly-owned subsidiaries.
- b) If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- c) Review and update the AFRC Charter, seeking approval of changes from the board of MFL.
- d) Evaluate AFRC's own performance on a regular basis.
- e) Provide relevant feedback and information to the board of MFL to enable adequate monitoring of the performance of AFRC. The board of MFL will formally review the performance of AFRC annually.
- f) Maintain a log of issues which have been brought to AFRC but remain unresolved.

7 *Limitation on AFRC's Role*

While the AFRC has the responsibilities and powers set out in this Charter, it is not the duty of the AFRC to plan or conduct audits or to determine that the Group's financial statements and disclosures are complete accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the external auditor.