

Provident Capital Limited

Audit & Compliance Committee Charter

The Board of Provident Capital Limited has established an Audit and Compliance Committee. The primary role of the Committee is to monitor and review, on behalf of the Board, the effectiveness of the control environment in the company in the areas of operational and balance sheet risk, legal/regulatory compliance (Financial Services Reform (FSR)) compliance and financial reporting.

The Committee is charged with the responsibility of providing an independent and objective review of financial and other information prepared by management including:

- The integrity of financial statements (including the appropriateness of the accounting principles & policies adopted) ;
- Legal/regulatory compliance, including FSR;
- Risk management systems;
- The Company's relationship with internal & external auditors; and
- The Company's systems of procedures & internal controls

The Committee meets and receives regular reports from its external and internal auditors concerning matters that arise in connection with their audit. The Committee is also responsible for review of performance of the external and internal auditors.

Membership of the Committee

The Chairman is a non-executive director and not the managing director / Chairman of the Board of Directors.

The Committee currently comprises:

- Mr Trevor Seymour (Chairman);
- Mr John Sweeney; and

The Committee must report any adverse findings to the Managing Director. The Committee may report any other findings to the Managing Director at their discretion.

The members of the Audit Committee have sufficient financial skill to discharge their duty effectively. The Board will review the membership and charter of the Committee annually at a minimum.

Administrative matters

It is intended that the Committee will meet at least 4 times each year, or as often as the Committee members deem necessary in order to fulfil their role and objectives set out in this Charter.

Reporting

It is intended that a report of the actions of the Committee and/or a copy of the minutes of the Committee meeting will be included in the Board papers for the Board meeting following a meeting of the Committee.

Any adverse findings are to be reported to the Board and documented in the minutes of the relevant Board Meeting.

Responsibilities and functions

The Committee's key responsibilities and functions are to monitor the :

General

1. Company's relationship with the external auditor and the external audit function generally;
2. Company's relationship with the internal auditor and the internal audit function generally;
3. adequacy of the control processes in place in relation to the preparation of financial statements and reports;
4. adequacy of the Company's financial controls and systems; and
5. process of identification and management of business, financial and commercial risks.

Audit

The Committee's specific function on audit is to review and report to the Board that:

1. The system of control, which management has established, effectively safeguards the assets of the company;
2. Processes are in place such that accounting records are properly maintained in accordance with statutory requirements;
3. Processes exist to reasonably guarantee that financial information provided to investors and the Board is accurate and reliable; and to
4. Monitor the effectiveness and independence of the external auditor;
5. Monitor the effectiveness and independence of the internal auditor;

As part of their responsibilities, the Audit Committee will:

- Obtain assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards;
- Review and appraise the quality of audits conducted by the Company's external and internal auditors and confirm their respective authority and responsibilities;
- Monitoring the relationship between management and the internal and external auditors;
- Evaluate the adequacy, effectiveness and appropriateness of the Company's administrative, operating and accounting control systems and policies;
- Review and evaluate controls and processes in place to ensure compliance with approved policies, controls, and with applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- Overseeing the company's financial reporting and disclosure processes and the outputs of that process;

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- Determining the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices; and
 - Review (in consultation with management and external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and approval of significant accounting policy changes.

Risk and Compliance

The Audit Committee will be asked to identify financial risk and report to the Board that:

- The Company's ongoing risk management program effectively identifies all areas of potential risk;
- Adequate policies and procedures have been designed and implemented to manage identified risks;
- A regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- Proper remedial action is undertaken to redress areas of weakness.

Overseeing the establishment and maintenance of processes to ensure that there is:

- An adequate system of internal control, management of business risks and safeguard of assets; and
- A review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control;
- Evaluating the Company's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance;
- Reviewing the Company's main corporate governance practices for completeness and accuracy; overseeing the proper evaluation of the adequacy and effectiveness of the company's legal compliance control systems;
- Providing recommendations as to the propriety of related party transactions.

Review

The Board will, at least once in each year meet to:

- Review the membership and charter of the Committee to determine its adequacy for current circumstances. Where necessary, the Board, upon the recommendation of the Committee, may by resolution, alter the responsibilities, functions or membership of the Committee. The Committee may also recommend to the Board the formal adoption of the revised charter for future operations of the Committee; and
- Oversee the preparation of any report or other disclosures to be included in the Company's annual report or other communications to shareholders relating to the external auditors and the Company's financial statements.

Adopted at Board Meeting 16th June 2009 superseding
Charter approved by the Board on 19/09/2007.