

IMMURON LIMITED
ACN 063 114 045
AUDIT AND RISK COMMITTEE CHARTER

The Board of Directors (the Board) of Immuron Limited (the Company), having resolved to establish a Committee of Directors to be known as the AUDIT AND RISK COMMITTEE (the Committee), now confirms its objectives, authority, composition, term of membership, and duties and responsibilities, as follows:

Objectives

The primary objective of the Committee is to assist the Board in fulfilling its oversight responsibilities. In particular, the Committee will:

- ◆ Determine and monitor the adequacy of the Company's administrative, operating and accounting controls, and policies including:
 - a) Systems of internal control and management of risks, including the risks associated with the Company's day-to-day operations including R & D projects, clinical trials and intellectual property; and
 - b) The Company's process for monitoring compliance with laws and regulations and its own code of business conduct;
- ◆ Oversee and appraise the quality of the audits conducted by the Company's external auditors;
- ◆ Maintain open lines of communications among the Board, management and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities; and
- ◆ Serve as an objective party to review the financial information presented by management to the Board, shareholders and regulators.

Authority

The Board authorises the Committee, within the scope of its responsibilities, to:

- ◆ Seek any information it requires from the external auditors and any Director, employee, consultant or other external parties;
- ◆ Obtain outside legal or other professional advice, and
- ◆ Ensure the attendance of Company officers at Committee meetings as appropriate.

Composition

The Board shall appoint or remove any members of the Committee, which will be comprised of a least two and not more than five Directors. Wherever practical, each member will be a non-executive Director independent of senior management and operating executives of the Company and free from any relationships which might, in the opinion of the Board, be construed as a conflict of interests. If the Committee has only two members then both must be non-executive Directors. The Board will appoint the Chairman of the Committee and that person must be a non-executive Director.

Term of Membership

Members of the Committee shall be appointed for an initial term of three years after which they will be eligible for re-appointment by rotation. The membership term shall be staggered so that no more than half (or if three or more members, one third) of the members of the Committee shall stand for re-appointment in any given

year. The Chairman shall be re-appointed annually by the Board. The Board can remove a Committee member, without reason, at anytime.

Meetings

The Committee will hold at least three regular meetings per year, and such additional meetings as the Chairman shall decide in order to fulfil its duties.

In addition, the Chairman is required to call a meeting of the Committee if requested to do so by any Board member, the company's Chief Executive Officer, or the external auditors.

The Company Secretary will act as secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The secretary will also be responsible for keeping the minutes of meetings of the Committee, and circulating them to Committee members and to the other members of the Board of Directors.

A quorum shall consist of all members on the Committee, or if there are three or more members of the committee, a majority of members.

Duties and Responsibilities

The duties and responsibilities of the Committee are as follows: -

a) Specific Responsibilities: External Audit

1. Recommend to the board the appointment of the external auditors;
2. Review the audit plan of the external auditors;
3. Evaluate the overall effectiveness of the external audit through regular meetings with the auditors; and
4. Determine that no unreasonable management restrictions are being placed upon the external auditors in performing their statutory audit.

b) Specific Responsibilities: Evaluation/Review (

1. Evaluate whether management is setting the appropriate 'control culture' by communicating the importance of internal control and the management of risk and ensuring that all employees and consultants have an understanding of their roles and responsibilities;
2. Evaluate how management is held to account for the security of the Company's IT and other recording systems;
3. Evaluate the adequacy and effectiveness of the company's administrative, operating, and accounting policies through active communication with operating management and the external auditors;
4. Evaluate the adequacy of the company's accounting control systems by reviewing written reports from the external auditors and monitoring management's responses and actions to correct any reported deficiencies;
5. Review any regulatory reports, IP progress reports, scientific reports, etc. submitted to the Company and monitor management's responses to them;
6. Review the annual financial statements with the Chief Executive Officer and the external auditors and recommend acceptance to the board;
7. Focus on judgmental areas, for example those involving valuation of assets and liabilities; warranty, product or environmental liability, litigation reserves, and other commitments and contingencies;

8. Evaluate the Company's exposure to fraud or other illegal acts, and business risks that may impact upon the Company, and
9. Receive reports from the Company's lawyers on matters the lawyers believe should be drawn to the Committee's attention.

c) Specific Responsibilities: Research, Product Development and Manufacture

1. Monitor research programs through discussions with and reviewing reports from the Company's CSO.
2. Monitor clinical trial programs ensuring all relevant ethics approvals, regulatory approvals, protocols, end points of the trial are in accordance with what was approved by the Board.
3. Monitor manufacturing processes ensuring compliance with GMP and any other regulatory requirements in and for relevant territories.
4. Intellectual Property. Request and review Immuron's IP strategy with the Company's patent attorneys at least once per annum, including timing for applications to PCT and National phase, potential freedom to operate matters and interference actions. Any patent applications not granted are to be reviewed for potential scientific and business risks associated with each particular application.

d) Specific Responsibilities: Ethics and Environmental

1. Take an active interest in ethical and environmental considerations regarding the Company's policies, and practices; and
2. Monitor the standard of corporate conduct in areas such as arm's-length and related party dealings giving rise to potential conflicts of interest.

e) Specific Responsibilities: Policies

1. Evaluate the current areas of greatest financial risk and how management is managing these effectively;
2. Require reports from management and the external auditors on any significant proposed regulatory, accounting or reporting issues, to assist in assessing the potential impact upon the company's financial reporting process; and
3. Review and approve all significant accounting policy changes.
4. Review all announcements made to the ASX under the Company's policy on Securities Trading ensuring that all disclosures have been made in accordance with that Policy and the Listing Rules.

f) Other Matters

1. Identify and direct any special projects or investigations deemed necessary;
2. At least annually, review the adequacy of the company's insurance policies;
3. From time to time consider the need to establish an internal audit function within the company;
4. Review and update the Charter and receive approval of any changes from the Board;
5. Evaluate the Committee's own performance on a regular basis: and
6. Prepare a report to the Board summarising the work performed by the Committee to fully discharge its duties during the year