A HIGHLY classified intelligence report has linked an Islamic charity operating in Australia to known terrorist groups, including Hamas.

A report by the NSW Corrections Intelligence Unit says a member of the Lakemba-based Human Appeal International charity maintains an association with a person convicted of committing a terrorist act.

The report also says the HAI has “an extensive association" with Islamic fundamentalists.

HAI's director in Australia, Bashar Al Jamal, denied the CIU's allegations, saying his organisation was devoted to humanitarian programs. The CIU made the allegations against HAI in a report about Anwar Hisam Al Barq, a Muslim cleric appointed a chaplain by the NSW Department of Corrective services, despite having been imprisoned in the US on drug charges and in Australia for resisting deportation. The intelligence report said Mr Al Barq was "an associate of the HAI". The CIU report says HAI is "associated with Hamas and Muslim Brotherhood, which are known terrorist organisations".

It also quotes international terrorism expert Rohan Gunaratna as saying "Islamic NGOs are key to providing funding for terrorist activity in the Middle East".