



AUDIT COMMITTEE CHARTER

1. OVERVIEW

- 1.1 This Charter relates to ASX Corporate Governance Council Recommendations 4.1, 4.2, and 4.3.
- 1.2 The role of the Audit Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, compliance with legal and regulatory requirements, internal control framework and audit functions.
- 1.3 The Board has not established an Audit Committee as recommended by ASX CGC Recommendation 4.1. However, the Board has approved this Audit Committee Charter and the role and responsibilities of the Audit Committee are undertaken by the Board and the Company Secretary.

2. OBJECTIVES

- 2.1 The function of the Committee is to assist the Board in fulfilling its Corporate Governance responsibilities in respect to:
 - a) compliance with legal and regulatory obligations;
 - b) the establishment and maintenance of the internal control framework;
 - c) the reliability and integrity of financial information; and
 - d) audit, accounting and financial reporting obligations.
- 2.2 It is the responsibility of the Committee to maintain free and open communication between the Committee, external auditors and management of the Company.
- 2.3 In discharging its role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

3. MEMBERSHIP

- 3.1 The structure of an Audit Committee, when established, should consist of:
 - (a) at least 3 members;
 - (b) only Non-Executive Directors;
 - (c) a majority of Directors that are independent of management; and
 - (d) an independent Chairperson (who is not the Chairperson of the Board)

- 3.2 The Committee should also include:
- (a) members who are financially literate or become financially literate within a reasonable period of time after appointment;
 - (b) at least one member who has a reasonable level of accounting and/or related financial expertise;
 - (c) some members who have an understanding of the resources industry.
- 3.3 The Secretary of the Committee will be the Company Secretary, or any other person nominated by the Board.

4. MEETINGS

- 4.1 The Committee, when formed, shall meet at least twice a year, in order to table and review the half-yearly and annual accounts, and to monitor the performance of the audit or review.
- 4.2 Attendees at Committee meetings in addition to members, will comprise the auditors and appropriate members of management.
- 4.3 Additional meetings may be convened if requested by any member of the Committee or relevant partner of the auditors.
- 4.4 The quorum for a meeting is two members.
- 4.5 At each meeting, the Committee may meet privately with:
- (a) management to ensure that there are no issues relating to the external audit; and
 - (b) the auditors to allow any sensitive issues be discussed and to seek assurances that no management restrictions are being placed upon them.
- 4.6 All recommendations are referred to the Board for approval.
- 4.7 The Secretary, in conjunction with the Chairperson of the Committee is responsible for preparation of the agenda for each meeting and must circulate the agenda and Committee papers to each member of the Committee at least 2 business days before each meeting.
- 4.8 The minutes of each meeting are recorded and included in the papers for the next full Board meeting after each Committee meeting.

5. ROLE AND RESPONSIBILITIES

Understanding the Business

- 5.1 The Committee shall ensure that it understands the Company's structure, controls and types of transactions in order to adequately assess any significant risks faced by the Company.

Legal and Regulatory Compliance

- 5.2 Without limiting its scope, the Committee will, in conjunction with the Board, monitor the procedures to ensure compliance with:

- (a) the Corporations Act 2001, ASX Listing Rules and other regulatory requirements; and
- (b) all internal policies and procedures.

Internal Control

- 5.3 Evaluate whether management is setting the appropriate “control culture” by communicating the importance of internal financial controls and the management of financial risks and ensuring that all employees have an understanding of their roles and responsibilities.
- 5.4 Evaluate the adequacy, security and effectiveness of the Company’s computer systems and applications and the contingency plans for processing financial information in the event of systems breakdown.
- 5.5 Gain an understanding of whether internal control recommendations made by the auditors have been implemented by management and if not, why not.

Financial Reporting

- 5.6 Gain an understanding of the current areas of greatest financial risk and what steps have been taken by management to manage them effectively.
- 5.7 Consider with the auditors, issues of fraud, illegal acts and deficiencies in internal control that is likely to prevail in the Company.
- 5.8 Review any legal issues which could impact significantly on the financial statements.
- 5.9 Review significant accounting and reporting issues and their impact and effect on the Company’s financial statements.
- 5.10 Review the half-yearly and annual financial statements prior to consideration by the Board, to ensure they represent a true and fair view of the Company’s financial position and performance by focusing on the following areas:
 - (a) compliance with accounting standards (including an assessment of management’s selection of accounting policies and disclosures);
 - (b) significant changes in accounting policies and practices;
 - (c) major judgmental areas (eg. application of depreciation and amortisation rates, valuation of assets and liabilities, contingencies, provisions); and
 - (d) significant audit adjustments.
- 5.11 Review all representation letters signed by management to ensure that the information provided is complete and appropriate.
- 5.12 Review other sections of the financial statements and consider whether the information is understandable and consistent with the members’ knowledge of the Company and its operations.

Auditors

- 5.13 Recommend to the Board, the appointment, re-appointment or replacement (subject, if applicable to shareholder ratification) and remuneration of the auditors.
- 5.14 In assessing which audit firm should be engaged, factors such as reputation, knowledge of industry, resources, commitment and value added benefits to the Company should be considered.
- 5.15 Review and approve the audit plans of the auditors (it is not the duty of the Committee to itself plan or conduct audits).
- 5.16 Review the overall scope of the audit, including identified risk areas and any additional agreed upon procedures.
- 5.17 Evaluate the overall effectiveness and independence of the auditors.
- 5.18 Resolve any disagreements between management and the auditors with respect to financial reporting.
- 5.19 Implement a process for the pre-approval of all audit and non-audit/assurance services provided by the auditors (who are not to be appointed to take any non-audit/assurance services that may impair the auditors' judgment or independence in respect of the Company).
- 5.20 At least on an annual basis, obtain and review a report from the auditors outlining:
 - (a) the auditor's internal quality control and conflict procedures;
 - (b) any material issues arising out of the most recent quality control and steps taken to deal with such issues; and
 - (c) all relationships between the auditors and the Company's management in order to assess the auditor's independence.
- 5.21 Meet separately with the auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- 5.22 Ensure that significant findings and recommendations made by the auditors are received and discussed and that management responds to the recommendations.
- 5.23 To ensure compliance with Section 324DA Corporations Act 2001, the Audit Committee must ensure that after 5 successive years, the external audit engagement partner discontinues as a member of the audit team and is replaced by a new engagement partner.

6. REPORTING RESPONSIBILITIES

- 6.1 Regularly update the Board about committee activities and make appropriate recommendations.
- 6.2 Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

7. OTHER RESPONSIBILITIES

- 7.1 Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 7.2 Review policies and work practices on sensitive areas referred by the Board.
- 7.3 If necessary, institute special investigations and if necessary, hire experts to assist.
- 7.4 Review and update the Charter.
- 7.5 Evaluate the Committee's own performance on a regular basis

Last reviewed by the Board of Directors on 20/9/2017