



## AUDIT COMMITTEE CHARTER

The Board of Directors of Musgrave Minerals Limited (Company) is charged with oversight of the audit and risk management of the Company. The Board has established an Audit Committee to assist the Board in monitoring and reviewing any significant matters affecting financial reporting and compliance.

The Audit Committee Charter (Charter) sets out the Audit Committee's purpose, composition and mode of operation, authority and responsibilities.

### **Purpose**

The Committee's primary purpose is to assist the Board in fulfilling its governance responsibilities in relation to audit, financial reporting and risk management relating to:

- Complying with all applicable laws, regulations and Company policy;
- Protection of Company capital;
- Overseeing the quality and integrity of the Company's financial statements, accounting policies, financial reporting, corporate governance and disclosure practices;
- Monitoring and reviewing the performance of the Company's external auditor, including their relationship with management, independence, appointment or removal and the rotation of the lead audit engagement partner; and
- Overseeing the identification and management of business risks including the effectiveness of the Company's internal control framework.

The Committee may also perform any other such specific review or investigation the Board may consider necessary.

### **Audit Committee Composition & Operation**

Unless otherwise determined by the Board, the Audit Committee (Committee) will comprise a minimum of three Non-executive Directors. Where possible a majority of the Committee will be comprised of independent Directors such that they are free from any conflict, business or other relationship that could materially interfere with or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement.

The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution. All members of the Committee must be able to read and understand financial statements and the key financial issues facing the Company.

The Chair should be an independent Director and not the Chair of the Board of Directors. The Chair shall also have a strong finance, accounting or business background.

Other Non-executive Directors, the external auditor, the Managing Director, and other senior executives, may be invited to attend Committee meetings at the discretion of the Committee.



## **Responsibilities of the Audit Committee**

### **Review of Financial Reports**

The Committee will review financial information and reports prepared by management for external reporting purposes. This includes reviewing the propriety of related party transactions, evaluating the appropriateness of accounting principles adopted by management in the financial reports and the integrity of the Company's financial statements.

The Committee will oversee the financial reports and the results of the external audit of such reports and assess whether processes exist to reasonably guarantee that financial information provided to investors and the Board is accurate and reliable.

The Committee will also satisfy itself that appropriate declarations have been made by the CEO/CFO in accordance with the requirements of the *Corporations Act 2001*.

### **External Auditors**

The Committee shall report to the Board on external audit arrangements including:

- Making recommendations to the Board on procedures for the selection, appointment, and if necessary removal, of external auditors and reviewing terms of engagement including the rotation of external audit partners;
- Reviewing the audit plan including proposed fees for audit work to be undertaken and reviewing the performance, succession plan and monitoring the independence of the auditor;
- Implementing a process for approval of all non-audit services provided by the external auditor and make a recommendation as to whether the provision of such services may compromise the independence of the external auditor;
- Monitoring the relationship between management and the external auditors;
- Discuss any necessary recommendations to the Board for the approval of quarterly, half yearly or annual reports;
- Evaluating the adequacy and effectiveness of accounting and financial controls implemented by the Company together with any recommendations of the external auditor in relation thereto;
- Meeting with the external auditors at least twice in each financial reporting interval without the presence of management and at any other time the Committee deems appropriate; and
- Receive and review the Auditors Independence Declaration to be provided to the Directors of the Company pursuant to section 307C of the *Corporations Act 2001*.



## **Risk Management**

The Committee will oversee and assess the effectiveness of the Company's risk management and internal control framework which is designed to identify, monitor and manage risk throughout the Company.

The role and responsibilities of the Committee in relation to risk management are set out in the Company's Risk Management Policy which is reviewed and amended by the Board from time to time.

## **Meetings**

The Committee will meet at least twice a year, or as often as the Committee deems necessary in order to undertake its role effectively.

Meetings of the Committee are called by the Secretary as directed by the Board or at the request of the Chair of the Committee. The Company Secretary will attend all Committee meetings and all minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any Director. After each Committee meeting the minutes are to be included in the papers for the next full Board meeting.

A quorum shall consist of two members of the Committee. In the absence of the Chair or their nominee, the Committee members shall elect one of the members as Chair of that meeting.

## **Access to Information & External Advice**

The Committee has the right of access to management, all company personnel and the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.

The Committee members may meet with the Auditors, internal or external, without management being present.

Members of the Committee may take such independent legal, financial or other advice they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chair. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## **Review**

At least annually, the Board will meet to conduct an annual review of the Committee membership to ensure that the Committee has carried out its functions in an effective manner, and will update the Charter as required to ensure it remains consistent with the Board's objectives and responsibilities.

Date	14 March 2012
Latest Review Date	18 May 2017