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# Audit Committee Charter

Alkane Resources Limited ACN 000 689 216 (Company)

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## 1 Composition

The Audit Committee shall be structured so that it has at least three members, all of whom are non-executive directors and a majority of whom are independent. The Chair of the Audit Committee must be independent and not also Chair of the Board.

The Audit Committee members must have sufficient accounting and financial expertise and a sufficient understanding of the industry in which the Company operates to discharge the Committee's mandate effectively.

From time to time, non Audit Committee members may be invited to attend meetings of the Audit Committee, if it is considered appropriate.

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## 2 Role

The role of the Audit Committee is to review and make recommendations to the Board in relation to:

- (a) the adequacy of the Company's corporate reporting processes;
- (b) whether the Company's financial statements reflect the understanding of the Audit Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;
- (c) the appropriateness of the accounting judgments or choices exercised by management in preparing the Company's financial statements;
- (d) the appointment or removal of the external auditor, the rotation of the audit engagement partner, the scope and adequacy of the external audit, the independence and performance of the external auditor and any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;
- (e) the Company's internal financial control system and, unless expressly addressed by a separate Risk Management Committee or by the Board itself, oversee the Company's risk management framework;
- (f) compliance with the Company's *Code of Conduct*; and
- (g) the operation of the Company's internal audit function including its composition, the allocation of responsibilities, the scope and adequacy of the internal audit work plan, and the objectivity and performance of the internal audit function; and
- (h) perform such other functions as assigned by law, the Company's Constitution or the Board.

Ultimate responsibility for a Company's financial statements rests with the full Board.

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## 3 Operations

The Audit Committee meets at least half yearly, with further meetings on an as required basis. Minutes of all meetings of the Audit Committee must be kept. A report of actions taken or recommendations by the Audit Committee must be given by the Chair of the Audit Committee at each

subsequent meeting of the full Board and the minutes of each Audit Committee circulated to the full Board. Audit Committee meetings will be governed by the same rules, as set out in the Company's Constitution as they apply to the meetings of the Board.

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## 4 Responsibilities

Annual responsibilities of the Audit Committee are as set out in the *Audit Committee Charter – annual action points* (attached).

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## 5 Authority and resources

The Company is to provide the Audit Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Audit Committee.

The Audit Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.

The Audit Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

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## 6 Reporting to the Board and shareholders

The Audit Committee is to report to the Board, at least half yearly, on the following matters:

- (a) assessment of whether external reporting is consistent with Audit Committee members' information and knowledge and is adequate for shareholder needs;
- (b) assessment of the management processes supporting external reporting;
- (c) recommendations for amending the Company's *Procedure for the Selection, Appointment and Rotation of the External Auditor*;
- (d) recommendations for the appointment or, if necessary, the removal of the external auditor;
- (e) assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report should state whether the Audit Committee is satisfied that provision of those services has not compromised the auditor's independence;
- (f) assessment of the performance and objectivity of the internal audit function;
- (g) the results of the Audit Committee's review of the Company's risk management framework and internal control systems;
- (h) the results of the Audit Committee's review of this Audit Committee Charter; and
- (i) comment on the Audit Committee's operation and composition.

The Chair of the Audit Committee, if appointed, is to be present at the annual general meeting to answer questions, through the Chair of the Board.

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## **7 Review of Charter**

The Audit Committee will review this Audit Committee Charter at least annually, and update it as required.

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## Audit Committee Charter – annual action points

### Financial reporting and internal controls

- Review half-year, annual and, if applicable, quarterly financial statements
- Review compliance with relevant statutory and regulatory requirements
- Assess management's selection of accounting policies and principles
- Consider the external audit of the financial statements and the external auditor's report including an assessment of whether external reporting is consistent with Audit Committee members' information and knowledge
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks including tax risk (and other business risks if authorised)
- Assess if the external auditors report is adequate for shareholder needs

### Annual meeting with external auditor

- Discuss the Company's choice of accounting policies and methods, and any recommended changes
- Discuss the adequacy and effectiveness of the Company's internal controls
- Discuss any significant findings and recommendations of the external auditor and management's response to those findings and recommendations
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions on access to required information

### External auditor

- Review the Company's *Procedure for the Selection, Appointment and Rotation of External Auditor*
- Recommend to the Board to appoint and, if necessary, remove the external auditor and approve the terms on which the external auditor is engaged
- Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees
- Assess the overall performance of the external auditor
- Ensure the external auditor is given notice of all general meetings and is requested to attend AGM

### Internal communications and reporting

- Provide the report described in clause 6 of the Audit Committee Charter
- Regularly update the Board about Audit Committee activities and make appropriate recommendations

- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business

#### **Internal audit**

- Consider the appropriateness of the internal audit function established
- Determine the work plan and the associated scopes of work for the internal audit function to undertake
- Discuss any significant findings and recommendations of the internal auditor and management's response to those findings and recommendations
- Discuss any difficulties or disputes with management encountered during the course of the scopes of work performed including any restrictions on access to required information

#### **Other**

- Verify the composition of the Audit Committee is in accordance with the Audit Committee Charter
- Review the independence of each Audit Committee member based on the Company's *Policy on Assessing the Independence of Directors*
- Review the Audit Committee Charter and Action Points at least annually, and update as required
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters and breaches of the Company's *Code of Conduct*
- Consider continuous disclosure requirements with regard to corporate reporting