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**AUDIT COMMITTEE  
CHARTER \***

The essential principle of this Charter is to safeguard integrity in financial reporting.

This Charter outlines the roles and responsibilities of the Audit Committee and its members.

**Introduction**

The Board of Crater Gold Mining Limited ("the Company") has established an Audit Committee (the Committee). The following Audit Committee Charter provides guidance to the operations of the Audit Committee.

**Authority**

The Audit Committee has authority to investigate any activity of the Company and its subsidiaries. In discharging its oversight 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.

This charter sets out the specific responsibilities and roles delegated by the Board to the Audit Committee and provides support for the manner in which the Audit Committee Operates.

**Role**

The role of the Audit Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the following:

- a) ensuring that the published financial reports present a true and fair view of the company's financial position;
- b) ensuring that the Company maintains an effective system of internal controls and instigates risk management systems;
- c) directing the administration staff to implement any necessary internal controls required to improve company procedures and policies;
- d) ensuring the company adopts and maintains appropriate accounting policies and procedures;
- e) addressing any issues arising from the external audit process; and
- f) maintaining a forum for free and open communication between the Committee, external auditors and the management of the Company.

**Audit Committee Composition**

At least half of the Audit Committee members shall be persons other than executives and employees of the Company. The Audit Committee may include one or more members who are not directors or employees of the Company. The Audit Committee may invite members of the management team and the external auditor to attend its meetings.

All members of the Audit Committee shall have working knowledge of basic finance and accounting practices. At least one member of the Audit Committee or invited participant shall hold financial qualifications and be able to demonstrate relevant basic financial experience in financial management.

The Chair of the Audit Committee shall be a person who is not an executive of the Company and shall be appointed by the Board.

### **Secretary**

The Company Secretary shall be the Secretary to the Audit Committee (Secretary).

### **Meetings**

The Audit Committee shall meet not less than two times a year or more frequently as circumstances require. Audit Committee minutes will be confirmed at the following Audit Committee meeting and the Committee shall report to the board following each meeting.

Any Committee member, the external auditors or the Company Secretary may request a Committee member to call a meeting. A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee.

Minutes of proceedings and resolutions of Committee meetings shall be kept by the Company Secretary. The Audit Committee Chairman shall report to the Board on the outcome of the Audit Committee meetings, results of the external audit process and any other activities and major issues.

As part of its responsibility to foster open communication the Audit Committee should meet with management and the external auditors at least annually to discuss any matters that are best dealt with privately.

### **Quorum**

A quorum will comprise of any two Committee members. In the absence of the Committee Chairman or appointed delegate the members shall elect one of their number as Chairman for the meeting.

### **Duties and Responsibilities**

The specific responsibilities of the Audit Committee include but are not limited to the following:

- a) Charter
  - (a) regularly review the Committee's charter and recommend to the Board any appropriate changes.
- b) Internal controls and Risk management
  - (a) ensure each individual member understands the Company's structure, controls and types of transactions in order to assess the risks that might face the Company;
  - (b) communicate to the executive management the Audit Committee's expectation of internal controls;
  - (c) review and assess the adequacy of the Company's systems of internal controls and ethical standards for the management of the Company;
  - (d) assess the adequacy of the Company's policies and procedures to monitor and ensure compliance with laws and regulations;
  - (e) review and assess the adequacy of the Company's risk management systems in respect to the identification and management of risks;
  - (f) consider matters addressed in external auditors' management letter;
  - (g) review the Company's budget and forecasts;
  - (h) review any related party transactions;
  - (i) ensure that the Company reports to the Board any large, unusual, and high risk transactions including authority to act and
  - (j) consider the findings of any investigation into control weakness, fraud or misconduct and review the Company's response to those findings.
- c) In relation to the external audit
  - (a) recommend to the Board the appointment, evaluation and termination of the external auditors;
  - (b) ensure adherence to the ASX guidelines regarding the selection, appointment of the external auditor and the rotation of external audit engagement partners;

- (c) review and discuss with the external auditors all significant relationships they have with the Company to ensure their independence;
  - (d) ensure that the auditors communicate to the Audit Committee in a timely fashion and at least annually;
  - (e) periodically consult with the external auditors out of the presence of management about the quality of the Group's accounting principles, material judgments and any other matters that the Committee deems appropriate;
  - (f) review with the external auditors the planned scope of their audit and their subsequent audit findings including any internal control recommendations;
  - (g) review the external auditor's management letter and management response; and
  - (h) discuss and resolve any problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss in the absence of management.
- d) In relation to the quarterly, half-year and annual financial statements and reports:
- (a) review the Pro-forma Half-Year and Pro-forma Preliminary Final Statements prior to lodgment of those documents with the ASX, and any significant adjustments required as a result of the audit, and to make any necessary recommendation to the Board for the approval of these documents;
  - (b) review the draft financial statements and the audit report and making necessary recommendations to the Board for the approval of the financial statements;
  - (c) review the quality and timeliness of the information reported;
  - (d) query any large or unusual transactions and
  - (e) review with management and the external auditors the accounting policies and practices adopted by the company and their compliance with accounting standards, stock exchange listing rules and relevant legislation

**Self - Assessment**

The Audit Committee shall periodically assess its effectiveness to ensure that its performance accords with best practice.

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