

## AUDIT COMMITTEE CHARTER

### Introduction

The Audit Committee (the Committee) has been established as a committee of the Board of Indophil Resources NL on the terms set out in this Charter.

### Role of the Committee

The Committee has been established as an advisory body to the Board in relation to:

- Indophil's draft external financial reports, including the statutory half year and full year financial reports, and the ASX half year and full year reports.
- Risk management and internal control structures, and compliance with laws and regulations.
- External audit activities, the terms of engagement (including fees) for the external audit, the independence of the external auditor, and the appointment and removal of the external auditor.

The Board has delegated authority to the Committee in relation to:

- The scope of work for the external audit.
- The provision of non-audit services by the external auditor.

The Board may also refer other matters to the Committee from time to time.

### Responsibilities of the Committee

In its advisory role to the Board, the Committee will:

#### *External Reporting*

- Review all draft financial reports that are intended for publication prior to Board consideration.
- Recommend to the Board that, based on the information available to the Committee, the draft financial statements, including the Directors' Report, be approved by the Board.
- Review the full year dividend recommendations made by management and make a dividend recommendation to the Board.

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## ***Risk Management, Internal Control Structure and Compliance***

- Monitor and review the effectiveness of risk management and internal control structures and compliance processes implemented by management as they affect financial reporting.
- Advise the Board whether the risk management and internal control structures and compliance processes provide reasonable assurance that reliable financial records are maintained.
- Review and approve all significant accounting policy changes.
- Oversee the risk management culture of the Company and development of risk management processes by senior management.

## ***External Audit***

- Ensure that external audit activities are carried out in the most effective, efficient and comprehensive manner.
- Review the terms of engagement (including fees) of the external auditor.
- Review the ratio of non-audit services provided by the external auditor, the total amount of fees paid to the external auditor, the nature of non-audit services provided, and the statement of audit independence.
- Provide the Board with recommendations in relation to the appointment and removal of the external auditor

In the Committee's advisory role to the Board, it is recognised that the Committee will place reliance on reports and advice from the external auditor, the Managing Director and other management.

In its delegated authority role to the Board, the Committee will:

- Review and approve the scope of work of the external audit.
- Monitor the provision of non-audit services.

## **Membership and Attendance**

The Committee comprises of two non-executive directors with at least one having significant recent and relevant financial experience. The Chief Financial Officer will attend all meetings.

The Managing Director and other members of management may attend meetings by invitation. The Committee Chair may invite other external parties, such as the external auditor, to attend all or part of a meeting.

The Committee Chair is appointed by the Board with the condition that the Chair is not the Board Chair.

The Company Secretary is the secretary of the Committee.

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## Meetings

The quorum for a Committee meeting is two Committee members. The Committee will meet at least twice each year and more frequently if required. The Committee must ensure that minutes of Committee meetings are taken and its deliberations and decisions are recorded in the minutes.

## Reporting to the Board

At the next Board meeting following a Committee meeting, the Committee Chair will advise the Board of issues discussed at the Committee meeting. In addition, minutes of Committee meetings will be provided to the Board.