

## AUDIT COMMITTEE CHARTER

### 1. Composition of the Audit Committee ("Committee" or "Audit Committee") of Carpentaria Resources Limited ("CAP" or "Company")

- 1.1 The Committee was constituted at a meeting of the board of directors held on 7 March 2016 in accordance with the constitution of the Company.
- 1.2 The Committee would normally at all times comprise at least three members of the Board and, where possible, comprise of a majority of non-executive directors. Given the size and make-up of the Board, however, this is not currently practicable.
- 1.3 At least one member is to have relevant qualifications and experience. The Audit Committee's current members are Mr Cholakos and Dr Williams. Mr Cholakos is chairman of the Committee.
- 1.4 From time to time, non-Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate. At least one company secretary is to attend meetings of the Committee unless the Committee determines otherwise.

### 2. Role of the Audit Committee

- 2.1 The primary role of the Audit Committee is to monitor the integrity of the financial statements of the Company, including its annual and half yearly reports, interim management statements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments that they contain. The Audit Committee must also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- 2.2 Specifically, the Audit Committee must:
  - (a) monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments;
  - (b) review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
  - (c) monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;
  - (d) monitor and review compliance with the Company's *Code of Conduct* and *Whistleblower Policy*;
  - (e) monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;

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- (f) review promptly all reports on the Company from its auditors;
- (g) review and monitor management's responsiveness to the findings and recommendations of the Company's auditors; and
- (h) perform such other functions as are assigned by law, the Company's Constitution or the Board.

2.3 Annual responsibilities of the Audit Committee are as set out in the Audit Committee Charter – Annual Action Points (attached).

### **3. Operations**

3.1 The Audit Committee must meet at least once every half-year, with further meetings on an as required basis.

3.2 If practicable, the Chairman of the Audit Committee is to be an independent, non-executive director. The Chairman is not to be the Chairman of the Board or the Managing Director. Minutes of all meetings of the Audit Committee are to be kept. Audit Committee meetings will be governed by the same rules as apply to the meetings of the Board.

3.3 The Committee must:

- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- (b) give due consideration to applicable laws and regulations, the provisions of the Company's corporate governance policies, the ASX Recommendations on Good Corporate Governance and the requirements of the ASX;
- (c) oversee any investigation of activities that are within its terms of reference and act as a court of the last resort; and
- (d) at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

### **4. Authority and Resources**

4.1 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 Committee.

- 4.2 The Audit Committee has rights of access to management and the non-executive members of the Committee have the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.
- 4.3 The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities. The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisers.

## **5. Reporting to the Board**

- 5.1 To assist the Board to carry out its audit function, the Board should compile a report, at least annually, on the following matters:
  - (a) assessment of whether external reporting is consistent with 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 *Procedures for the Selection and Appointment of the External Auditor* and procedures for the rotation of external audit engagement partners;
  - (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; and
  - (f) the results of the Committee's review of risk management and internal control systems.
- 5.2 The Chairman of the Audit Committee is wherever practicable to be present at the annual general meeting to answer questions, through the Chairman of the Board.