

ANOVA METALS LIMITED
ACN 147 678 779

AUDIT COMMITTEE CHARTER

1 INTRODUCTION

This is the Audit Committee charter for Anova Metals Limited ("**Company**"). This charter governs the procedures of the Board in its capacity as Audit Committee ("**Committee**") and outlines the procedures and guidelines in relation to the remuneration of directors and senior executives of the Company.

2 COMPOSITION

The Committee will be appointed by the Board and shall be composed of:

- (a) Only non-executive Directors;
- (b) At least three members, the majority of which are independent;
- (c) A Chairman, also appointed by the Board, who is one of those independent Directors and who is not the Chairman of the Board;
- (d) Directors who are financially literate, with at least one Director possessing accounting or related financial expertise and qualifications; and
- (e) At least one Director who has experience in and an understanding of the exploration industry.

3 THE COMMITTEE'S OBJECTIVE

The objective of the Audit Committee is to assist the Board of the Company to fulfil its responsibilities in relation to the Company's accounting and financial reporting practices.

4 MEETINGS

- (a) Frequency

The chairman will convene at least four meetings of the Committee each year and any additional meeting that the chairman considers necessary or appropriate to carry out the Committee's responsibilities. In addition, the chairman must call a meeting of the Committee if required by any committee member, the Company's chief executive officer, the Board or the external auditor.

- (b) Calling meeting and notice

Any committee members or the secretary may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the committee (with a copy to all Board

members) in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

(c) Advice

The Committee may have access to employees of the Company and to appropriate external advisers. The Committee may meet with these external advisers without management being present.

(d) Minutes

Minutes of proceedings and resolutions of committee meetings will be kept by the secretary. Minutes will be distributed to all committee members and the chairman of the Board, after the committee chairman has given the preliminary approval. Minutes, agenda and supporting papers, will be made available to any director upon request to the secretary, providing no conflict of interest exists.

5 DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are to proactively oversee the Company's financial reporting and disclosure processes including:

- (a) preparation and distribution of full and half year reports (full or concise) reconciled with any preliminary final report;
- (b) information likely to have a material effect on the value of securities, as and when the Company becomes aware of it;
- (c) preliminary final report in the form set out in Appendix 4B of the ASX Listing Rules.

The Committee will also review and consider all the Company's publicly released material concerning financial information.

5.1 The Committee will have the following duties and responsibilities:

(a) External reporting

Review and assess the external reporting of the Company. In particular the Committee will:

- (i) Review and assess the appropriateness of the Company's accounting policies and principles including any significant changes to the Company's policies and principles.
- (ii) Review and assess any significant estimates and judgments in financial reports.
- (iii) Review and assess the processes used by management to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting by the Company of financial and non-financial information. These include, but are not limited to:
 - (A) Australian Accounting Standards;
 - (B) Corporations Act 2001 (Cth);

- (C) Listing Rules of ASX, including but not limited to:
- the existence of an appropriate procedure for meeting the Company's continuous disclosure obligations;
 - reviewing for completeness and accuracy the disclosure of the Company's main corporate governance practices; and

(D) where applicable, requirements of other countries.

- (iv) Review and assess information from internal and external auditors that may affect the quality of financial reports.
- (v) Review and assess documents and reports to regulators and make recommendations to the Board on their approval or amendment.

(b) Internal control and risk management

The Committee should review and assess internal processes for determining, monitoring and assessing key risk areas. In particular, the Committee should consider:

- (i) non-compliance with laws, regulations, standards and best practice guidelines;
- (ii) important judgments and accounting estimates;
- (iii) litigation and claims;
- (iv) fraud and theft; and
- (v) any other business risks that are not dealt with by a specific board committee.

In relation to these risk areas, the Committee should ensure:

- (vi) that the Company has an effective risk management system in place, including for macro risks, and that the Committee assesses this system;
- (vii) that the Company has an effective internal control system in place, and that the Committee assesses this system;
- (viii) that the Company has a system in place for unusual and/or high risk transactions and that the Committee assesses this system;
- (ix) that the Company has a clear policy and procedure for reporting, actioning and documenting breaches of laws, including fraud and theft;
- (x) that it receives from management, reports on all actual and suspected breaches of laws, including fraud and theft; and
- (xi) that it meets periodically with management, and external and internal auditors to discuss the Company's control environment, including the processes for improvement in place.

(c) External audit

The Committee will select and appoint an external auditor.

The Committee should review and assess key areas relating to the external audit of the Company. In particular the Committee should:

- (i) review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgment or independence in respect of the Company;
- (ii) review and assess any prospect of auditor replacement and/or tender suggested by management;
- (iii) review and agree on the terms of engagement for the external auditor at the start of each audit;
- (iv) review the scope of the external audit with the external auditor including identified risk areas and any additional agreed-upon procedures;
- (v) monitor the activities and performance of the external auditor by:
 - (A) liaising with the auditor to ensure that each audit is conducted effectively;
 - (B) reviewing the auditor's assessment of financial statement materially;
 - (C) appraising the quality of audit work;
 - (D) ensuring that no management restrictions or limitations are placed on the auditor; and
 - (E) asking the external auditor for an independent judgment of the appropriateness of the accounting principles used and the clarity of the financial disclosure used or proposed to be used by the Company.
- (vi) reviewing the external audit findings in respect of any significant deficiencies or weaknesses in controls, and ensuring that management agrees to and implements appropriate and timely corrective action;
- (vii) review and assess non-audit service ("**NAS**") provision by the external auditor, with particular consideration given to the potential for the provision of these services to impair or appear to impair the external auditor's judgment or independence in respect of the Company;
- (viii) the Committee must disclose in the annual report whether or not it believes the level of NAS provision by the external auditor is compatible with maintaining auditor independence, and should include reasons where appropriate;
- (ix) review the external auditor's audit fee, and be satisfied that an effective, comprehensive and complete audit can be conducted for that fee;

- (x) in addition to reviewing the audit fee, the Committee should review and assess total fees paid to the external auditor, considering in particular fees paid for NAS provision, and these fees as a proportion of total fees;
- (xi) review and monitor management's responsiveness to the external auditor's findings and recommendations;
- (xii) review with the external auditor any significant disagreements between the external auditor and management, irrespective of whether they have been resolved;
- (xiii) review all representation letters signed by management, and be satisfied that the information provided is complete and appropriate;
- (xiv) consider whether taken as a whole, the various relationships between the Company and the external auditor impairs or appears to impair the auditor's judgment or independence in respect of the Company;
- (xv) consider whether the compensation of the individuals employed by the external auditor who are performing the audit of the Company is tied to the provision of

non audit services and, if so, consider whether this impairs or appears to impair the external auditor's judgment or independence in respect of the Company;
- (xvi) review the economic importance of the Company (in terms of fees paid to the external auditor for the audit as well as fees paid to the external auditor for the provision of non-audit services) to the external auditor and assess whether the economic importance of the Company to the external auditor impairs or appears to impair the external auditor's judgment or independence in respect of the Company; and
- (xvii) at least annually, meet with the external auditor without the presence of management.

(d) Internal audit

The Committee should review and assess key areas relating to the internal audit of the Company. In particular the Committee should:

- (i) communicate the Committee's expectations to the internal auditor in writing;
- (ii) review and assess the scope of the internal audit and the internal auditor's audit plan and work program, as well as the systems in place to monitor and evaluate the effectiveness of the internal auditor;
- (iii) monitor and assess the progress of the internal audit and any implications that may arise for the control environment;
- (iv) review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- (v) oversee the co-ordination of the internal and external auditors;

- (vi) ensure that the internal auditor reports directly to the managing director and the Committee; and
 - (vii) at least annually, meet with the internal auditor without the presence of management.
- (e) Internal monitoring

The Committee should conduct internal monitoring of the Company by:

- (i) Ensuring that an appropriate internal control framework is established and maintained, including systems for:
 - (A) incurring and recording liabilities and expenses, and arranging for payment;
 - (B) recording, monitoring and maintaining assets;
 - (C) managing and investing liquid funds;
 - (D) measuring financial performance of individual employees, groups and business units, and monitoring their performance against budget.
- (ii) Assessing internal processes for identifying and managing risk areas including:
 - (A) compliance with laws, regulations, standards and best practice guidelines;
 - (B) important judgments and accounting estimates;
 - (C) litigation and claims;
 - (D) fraud and theft.
- (iii) Receiving reports on all suspected and actual frauds, thefts and breaches of the law.
- (iv) Reviewing in draft any financial report and directors' report that the Company proposes to distribute to shareholders and other external parties with particular emphasis on the accuracy and completeness of information and key disclosures, changes from prior periods, and important judgment questions impacting the overall integrity of the information.
- (v) Assessing the management of non-financial information in internal and external documents to ensure the information does not conflict inappropriately with the financial report and directors' report.

5.2 Compliance

The Committee must ensure that they have an appropriate understanding of any relevant laws, regulations, Listing Rules, and codes of particular significance to the Company, and its programs to ensure compliance including with respect to:

- (a) trade practices;
- (b) workplace health and safety;
- (c) equal opportunity; and
- (d) other matters.

5.3 Disclosure

In order to maintain transparency the role of the Committee is to be fully and fairly reported. Consistent with the disclosure policy the Committee will review all public disclosures and statements concerning the matter the subject of this policy including disclosures in:

- (a) ASX filings;
- (b) the annual report; and
- (c) press releases.

6 RESOURCES

Where the Committee considers it necessary or appropriate in order to fulfil its responsibilities, the Committee will be entitled to:

- (a) access all books and records of the Company;
- (b) draw on the expertise and resources of any employee of the Company, the internal auditors and external auditors; and
- (c) select and engage an external adviser or external service provider involving, where appropriate, advisers that are 'independent'.

In this context "independent" refers to the restrictions on relationships between the advisers providing the advice and management and/or third parties that might affect the adviser's capacity to provide zealous representation and advice to the Committee.

7 REVIEW

The Committee will review its performance and compliance with its terms of reference on an annual basis.