

## 1 Introduction

- 1.1 The purpose of this policy is to specify the circumstances in which it is deemed appropriate for management of Antilles Gold Limited and its controlled entities (**Antilles Gold**, the **Company**) to contract the services of the external auditors for non-audit work.
- 1.2 Independence of external auditors is generally viewed as being threatened in circumstance where:
- (a) the relationship or service creates a mutual interest, e.g. financial investments or loans, family and personal relationships, employment relationships, contingency fees;
  - (b) an external auditor is put in the position of auditing their own work, e.g. where they have valued an item in the Company's accounts;
  - (c) the external auditor is performing management or employee functions, e.g. where source documents are prepared or where the auditor has the authority to authorise, execute or consummate a transaction;
  - (d) the external auditor is put in the position of being an advocate of the Company, e.g. tax or legal case advocacy;
  - (e) an external auditor has custody of the Company's assets; and
  - (f) the total non-audit fee paid is significantly greater than the audit fee paid for the year.

## 2 Policy

- 2.1 The Company is only to enter into a non-audit contract or transaction with the external audit firm in the following circumstances:
- (a) where the type of service is not one that has been designated as inappropriate by the Board;
  - (b) where it is believed that the external auditor is the best equipped to undertake the work after taking into account:
    - Experience
    - Expertise
    - Knowledge of the group
    - Synergies of having the auditor perform the work
    - Value for money
  - (c) where any proposed transaction will not compromise the independence of the external auditors.

2.2 Prior to agreeing to any non-audit transaction with the external audit firm, management shall:

(a) If the transaction value is greater than \$20,000;

- document how the transaction complies with the policy in paragraph 2.1 above;

(b) If the transaction value is greater than  
\$100,000;

- seek approval from the Managing Director;

(c) If the transaction value is greater than \$500,000;

- seek approval from the Board.

2.3 Non-audit services provided by the external audit firm for the relevant period and for the financial year-to-date are to be reported to the Board at each meeting, along with total payments made to all other accounting firms.

2.4 Management and the external auditor will be asked to state whether, in their opinion, the use of the external auditors for those services has impaired the independence of the external auditor at each Board meeting.

2.5 Appropriate disclosure of any remuneration of the auditors for non-audit services will be made in the annual financial report.

2.6 This policy will be reviewed on an annual basis or as required.