

## 1 Objectives

The primary objective of the Audit Committee (the **Committee**) is to assist the Board of Directors (**Board**) in fulfilling its Corporate Governance responsibilities relating to the accounting, audit and reporting practices of Antilles Gold Limited (the **Company**) and any subsidiaries (the **Antilles Group**).

In addition, the Committee will:

- (i) Oversee and appraise the quality of the audits conducted by the Company's external auditors;
- (ii) Maintain, by scheduling regular meetings, open lines of communications among the Board and the external auditors to exchange views and information, as well as confirm their authority and responsibilities;
- (iii) Serve as an independent and objective party to review the integrity of the financial information presented by management to shareholders, regulators and the general public;
- (iv) Review the adequacy of the Company's accounting controls.

## 2 Composition

This Committee must have at least three members, the majority of whom must be non-executive Directors. The Chairman of this Committee must not be the Chairman of the Company. The Committee should include members who are financially literate (as such qualification is interpreted by the Board in its business judgement), and at least one member who has financial expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters). All Committee members must have an understanding of the industry in which the Company operates. Membership of the Committee shall be reviewed annually.

## 3 Meetings and Quorum

The Committee will hold at least four regular meetings per year, and such additional meetings as the Chairman shall decide in order to fulfil its duties. In addition, the Chairman is required to call a meeting of the Committee if requested to do so by any member, non-executive Director, the Executive Chairman, the Chief Financial Officer or the external auditors. A quorum shall consist of at least two members.

The Company Secretary will act as secretary of the Committee and shall keep minutes of proceedings and resolutions of all Committee meetings. The minutes of the Committee should be confirmed at the next meeting of the Committee and shall be included in the papers for the next full Board meeting.

The following senior management may attend Committee meetings by invitation:-

- Managing Director (if applicable);
- Chief Financial Officer;
- General Manager, EnviroGold (Las Lagunas) Limited.

Any of the Company's remaining Directors can attend the Committee meetings.

#### **4 Board Reporting**

The Committee is to report on its meetings to the Board and recommendations of the Committee are to be referred to the Board for consideration and decision.

#### **5 Access**

The Committee shall have unlimited access to the external auditors and any internal auditors and to senior management of the Antilles Group. The Committee shall also have the ability to consult independent experts as is considered necessary. The Committee will meet with the external auditors, without members of management present, on an annual basis or more frequently if deemed appropriate by the Chairman.

At the discretion of the Chairman, separate meetings may also be held with any member of the Company's management.

#### **6 Duties and Responsibilities**

The duties and responsibilities of the Committee are as follows:

- (i) Recommend to the Board the appointment of the external auditors;
- (ii) Review and agree the annual audit engagement letter;
- (iii) Recommend to the Board the appointment of any internal auditors;
- (iv) Recommend to the Board the appointment of advisors, where it is deemed appropriate;
- (v) Review and approve the audit plan of any internal auditors;
- (vi) Review the plan to be conducted by the external auditors;
- (vii) Evaluate the overall effectiveness of both the external and any internal audit through the assessment of reports from and regular meetings with each group;
- (viii) Ensure that management is fully co-operative with both the external and any internal auditors;
- (ix) Evaluate the adequacy and effectiveness of the Antilles Group's accounting policies through active communication with management, any internal auditors and the external auditors;
- (x) Evaluate the adequacy of the Antilles Group's accounting control system by reviewing written reports from the external and any internal auditors, and monitor management's responses and actions to correct any noted deficiencies;

**(xi)** Identify and direct any special projects or investigations deemed necessary. When reviewing the Antilles Group's policies and practices, the Committee will:

- (i)** Review all financial reports to be made public prior to their release;
- (ii)** Require reports from management, the external auditors and any internal auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Antilles Group's financial reporting process;
- (iii)** Review and approve all significant accounting policy changes;
- (iv)** Review the annual and half yearly financial statements with the Executive Chairman, Chief Financial Officer and the external auditors, and recommend acceptance to the Board.

In the review of the half-year and annual financial statements and when making recommendations to the Board, the Committee will focus particularly on:

- (i)** The quality and appropriateness of the accounting policies, practices and financial reporting disclosures and any changes thereto;
- (ii)** Major estimate or judgmental areas/unusual transactions including, the assessed financial impact of health, safety, environmental and legal issues;
- (iii)** Significant adjustments resulting from the external audit;
- (iv)** The going concern assumption including adherence to loan agreements and borrowing powers;
- (v)** Compliance with applicable accounting standards;
- (vi)** Compliance with financial reporting standards, stock exchange (ASX) and legal requirements;
- (vii)** Any past misstatements and managements' response.

## **7 Relationship with External Auditors**

The external auditors have an unrestricted right to discuss any issues they deem necessary with the Chairman, or if deemed appropriate by the external auditors, with the Chairman of the Board. The Committee will require the external auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's accounts.

The Board has agreed that they will not invite any past or present lead audit partner of the firm currently engaged as the Company's external auditor to fill a vacancy on the Board. The lead audit partner will be required to rotate off the audit within 5 years of assuming that role and there will be a period of at least 3 years before that partner can again be involved in the Antilles Group's audit.

The internal audit function, if any, and if outsourced, will be provided by a firm other than the external audit firm.

## 8 Provision of Non-Audit Services by External Auditors

The Company will not engage the external auditors to perform any of the following non-audit services for the Company or the Antilles Group:

- (i) Preparation of accounting records and financial statements;
- (ii) Design and implementation of new IT systems and financial controls;
- (iii) Valuation services in relation to amounts which are included in the Company's accounts;
- (iv) Actuarial Services;
- (v) Internal Audit Services;
- (vi) Management functions, including senior management secondments;
- (vii) Recruitment and Human Resources Services;
- (viii) Broker, Dealer or Investment Advisor Services;
- (ix) Legal Services or expert services unrelated to the audit process.

The external auditors will be permitted to provide non-audit services that are not perceived to be in conflict with the role of the external auditor.

Examples of such services include:

1. Due diligence on potential acquisitions or investments;
2. Investigating accounting assignments;
3. Corporate finance advice (deal structuring and execution) including Independent Accountant's Statements.

The Committee will recommend to the Board, on a totally transparent basis, the appropriate disclosure in the Antilles Group's annual financial statement of the fees paid to the external auditors.

The Committee's Terms of Reference as set out in this Charter, will be reviewed on a periodical basis and agreed with the Board as required.