

# AUDIT COMMITTEE CHARTER

## HERITAGE GOLD NZ LIMITED ("COMPANY")

### 1. Composition of the Audit Committee

The Committee is to include at least two members, all of whom are non-executive directors and a majority of which are independent. The Chair of the Committee is to be independent and not the Chair of the Board.

At least one member is to have relevant qualifications and experience.

From time to time, non Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

### 2. Role of the Audit Committee

The role of the Audit Committee is to:

- (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, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- (d) perform such other functions as assigned by law, the Company's Constitution, or the Board.

### 3. Operations

The Committee meets at least three times annually, with further meetings on an as required basis.

Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken or recommended to be given at each subsequent meeting of the full Board. Committee meetings will be governed by the same rules, as set out in the Company's Constitution as they apply to the meetings of the Board.

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

The Company is to provide the 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.

The Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.

The Committee has the power to conduct or authorize 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 advisors.

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

The Committee is to report to the Board following each Audit Committee meeting and report annually on the following matters:

- assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- assessment of the management processes supporting external reporting;
- 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;
- recommendations for the appointment or, if necessary, the removal of the external auditor;
- 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
- the results of the Committee's review of risk management and internal control systems.

The Chair of the Audit Committee, if appointed, is to be present at the annual general meeting to answer questions, through the Chair of the Board.

#### **6. Responsibilities**

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

# AUDIT COMMITTEE CHARTER – ANNUAL ACTION POINTS

## Financial Reporting and Internal Controls

- Review half-year, annual and, if applicable, quarterly financial statements
- Assess management's selection of accounting policies and principles
- Consider the external audit of the financial statements and the external auditor's report thereon including an assessment of whether external reporting is consistent with Committee members' information and knowledge
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised)
- Assess if the external auditors report is adequate for shareholder needs

## Annual meeting with External Auditor

- Discuss the Company's choice of accounting policies and methods, and any recommended changes
- Discuss the adequacy and effectiveness of the Company's internal controls
- Discuss any significant findings and recommendations of the external auditor and management's response thereto
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information

## External Auditor

- Review the Company's *Procedure for the Selection, Appointment and Rotation of External Auditor*
- Recommend to the Board to appoint and, if necessary, remove the external auditor and approve the terms on which the external auditor is engaged
- Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees
- Assess the overall performance of the external auditor

## Internal Communications and Reporting

- Provide the report described in clause 5 of this Audit Committee Charter
- Regularly update the Board about Committee activities and make appropriate recommendations
- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business

## Other

- Verify the membership of the Committee is in accordance with the Audit Committee Charter
- Review the independence of each Committee member based on the Company's *Policy on Assessing the Independence of Directors*
- Review and update the Audit Committee Charter and Action Points
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters and breaches of the Company's Code of Conduct