

Audit Committee Charter

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1 Applicability

This Audit Committee Charter applies to all members of the Audit Committee established by the board of directors (**Board**) of Deep Yellow Limited ABN 97 006 391 948 (**Company**).

2 Role and objectives

The role of the Audit Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's corporate reporting.

The objectives of the Audit Committee include:

- (a) assisting the Board in the governance of the Company, and the exercising of due care, skill and diligence in relation to:
 - (i) reporting of financial information to users of the Company's financial reports;
 - (ii) application of accounting policies;
 - (iii) financial management;
 - (iv) the Company's internal control system;
 - (v) financial business policies and practices; and
 - (vi) compliance with all applicable laws, regulation, standards and best practice guidelines.
- (b) improving the credibility and objectivity of financial reporting;
- (c) overseeing the effectiveness of the external audit function; and
- (d) ensuring the independence of the external auditor.

Ultimate responsibility for the Company's financial statements rests with the Board.

3 Composition

The Audit Committee will be structured so that it has at least three members. The Chairman of the Audit Committee must be an independent director.

All members of the Audit Committee must be financially literate (that is, be able to read and understand financial statements); at least one member must have relevant qualifications and experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters); and all members should have an understanding of the industry in which the Company operates.

From time to time, non-Audit Committee members may be invited to attend Audit Committee meetings, if it is considered appropriate.

4 Responsibilities

The Audit Committee has the following responsibilities:

4.1 Financial reporting

- (a) Review the adequacy and integrity of the Company's corporate reporting processes.
- (b) Review compliance with relevant statutory and regulatory requirements in relation to the Company's financial statements.
- (c) Review the half-year and annual financial statements to determine whether the Company's financial statements reflect the understanding of the Audit Committee members, and otherwise provide a true and fair view of, the financial position and performance of the Company.
- (d) Consider the external audit of the financial statements and the external auditor's report on the financial statements.
- (e) Review the appropriateness of the accounting judgments or choices exercised by management in preparing the Company's financial statements.
- (f) Review complex and unusual transactions and their effect on the financial statements.
- (g) Review related party transactions and the adequacy of their disclosure in the financial statements.
- (h) Ensure that the declaration referred to in Recommendation 4.2 of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations is given before the Board approves the Company's financial statements for each half-year and full year.

4.2 Internal control

- (a) Assess the internal processes for determining and managing key financial risk areas, particularly:
 - (i) compliance with laws, regulations, standards and best practice guidelines, including industrial relations laws;
 - (ii) important judgments and accounting estimates;
 - (iii) litigation and claims; and
 - (iv) fraud and theft.
- (b) Make recommendations to the Board for improvements (if any) in relation to the internal financial management and financial controls of the Company.
- (c) Obtain and assess management reports on any suspected or actual fraud, theft or breaches of law, and recommend appropriate actions by the Board.
- (d) Address the effectiveness of the internal control, financial risk management and performance management systems with management and the external audit providers.

- (e) Evaluate the processes the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
- (f) Meet periodically with key management and external auditors to understand and discuss the control environment.

4.3 External auditor

- (a) Meet with the external auditor at least twice each year, and any other time considered appropriate.
- (b) Review the Company's Procedure for the Selection, Appointment and Rotation of External Auditor set out in the Appendix to this Audit Committee Charter.
- (c) Carry out the functions ascribed to the Audit Committee in the Procedure for the Selection, Appointment and Rotation of the External Auditor.
- (d) Assess the scope and adequacy of the external audit.
- (e) Review the independence and performance of the external auditor.
- (f) Review any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor.
- (g) Ensure that the external auditor is given notice of all general meetings, and attends the Company's annual general meeting.

4.4 Monitoring

Monitor:

- (a) the Company's compliance with applicable legal and regulatory requirements associated with financial reporting; and
- (b) changes in the legal and regulatory framework in relation to financial reporting.

4.5 Other

- (a) Verify the composition of the Audit Committee is in accordance with the Audit Committee Charter.
- (b) Review and recommend updates to the Audit Committee Charter to the Board.
- (c) Perform such other functions as assigned by law or the Company's constitution.

5 Operations

The Audit Committee meets at least twice per financial year and otherwise as required. Minutes of all meetings of the Audit Committee are kept. The minutes are tabled at each subsequent meeting of the Board. Audit Committee meetings will be governed by the same rules set out in the Company's Constitution as they apply to meetings of the Board.

6 Authority and resources

The Company will provide the Audit Committee with sufficient resources to undertake its duties, including providing educational information on accounting policies and other financial topics relevant to the Company, to assist the Audit Committee in fulfilling its duties.

The Audit Committee is authorised to:

- (a) seek any information it requires to perform its duties, from any employee of the Company;
- (b) seek explanations and additional information from the Company's external auditors, without management present, when required; and

- (c) obtain, at the Company's expense, external legal or other professional advice on any matter within its responsibilities as set out in this Audit and Risk Committee Charter.

The Audit Committee has the power to conduct or authorise investigations into any matter within its scope of responsibilities.

7 Reporting

The Chairman of the Audit Committee will report to the Board, at the following Board meeting, on the proceedings of each meeting of the Audit Committee, bringing forward all recommendations of the Audit Committee which require Board approval, and reporting on any actions taken by the Audit Committee.

The Chairman of the Audit Committee is to be present at the Company's annual general meeting to answer questions, through the Chairman of the Board.

8 Review

This Audit Committee Charter will be reviewed by the Audit Committee at least annually, and updated as required.

Date adopted	29 June 2017
Last amendment	
Last review	

Appendix to Audit Committee Charter

Procedure for the Selection, Appointment and Rotation of External Auditor

- 1 The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as per the recommendations of the Audit and Risk Committee (or its equivalent). Any appointment made by the Board is subject to confirmation by shareholders at the next annual general meeting of the Company. In recommending the appointment of an auditor to members, the Board may consider the matters outlined in [Australian Securities and Investments Commission Information Sheet 196 Audit quality: The role of directors and audit committees](#) under the headings “Recommending the appointment of an auditor” and “Assessing potential and continuing auditors”.
- 2 Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company, and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner in accordance with professional standards as current from time to time, including part 2M.4 Division 5 of the *Corporations Act 2001* (Cth).
- 3 Other than the mandatory criteria set out in paragraph 2 above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost, internal governance processes and any other matters deemed relevant by the Board. The Board may consider the matters outlined in the [Australian Securities and Investments Commission Information Sheet 196 Audit quality: The role of directors and audit committees](#) under the heading “Assessing potential and continuing auditors”.
- 4 The Audit and Risk Committee (or its equivalent) will review the performance of the external auditor on an annual basis and make any recommendations to the Board. The Audit and Risk Committee (or its equivalent) may refer to the matters outlined in the [Australian Securities and Investments Commission Information Sheet 196 Audit quality: The role of directors and audit committees](#) under the heading “Assessing potential and continuing auditors” when reviewing the performance of the external auditor.