
Audit Committee Charter

First Graphite Ltd (Company)

1 Composition of the Audit Committee

The members of the Audit Committee shall be appointed, or be re-appointed, by the Board in compliance with the Company's Constitution and shall consist of the following persons who should demonstrate financial literacy and a relevant understanding and experience in the areas of Audit and Risk Management.

- A. Independent Non-Executive Board Member with financial expertise and desirably being other than the Company Chairman unless specifically resolved to the contrary (Chair).
 - B. Independent Non-Executive Board Member (Board Chairman).
 - C. Independent Non-Executive Board Member (if available).
 - D. CEO (by invitation only).
 - E. External Auditor (by invitation only).
 - F. Others (if any) by invitation (ad hoc) only.
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2 Role of the Audit Committee

The role of the Audit Committee ("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, risk management systems;
 - (c) monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
 - (d) monitor and review compliance with the Company's *Code of Conduct*, and
 - (e) perform such other functions as assigned by law or the Company's Constitution.
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3 Operations

The Audit Committee shall meet at least half yearly, with further meetings on an as required basis. Minutes of all such meetings are to be kept and the meetings are to be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board.

4 Authority and Resources

The Committee may seek provision of educational information on accounting policies and other financial topics relevant to the Company, to assist in fulfilling their duties. Further, the Committee may seek explanations and additional information from the Company's external auditors, without management present, when required.

When considered necessary or appropriate, the Committee may conduct or authorise investigations and may retain independent legal, accounting or other advisors.

5 Reporting to the Board and Shareholders

To assist the Committee to carry out its audit function, the Committee should compile a report, at least 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 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, 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 Board 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
- 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
- Ensure external Auditor is requested to attend AGM

Internal Communications and Reporting

- Provide the report described in clause 5 of this Audit Committee Charter

Other

- Verify the composition of the Audit Committee function is in accordance with the Audit Committee Charter

- Review the independence of each Board 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*