

Audit Committee Charter

1. PURPOSE

- 1.1** This Charter governs the operations of the Audit Committee (“Committee”) of Australian Zircon NL (“Company”).
- 1.2** The Committee shall provide assistance to the Board of Directors in fulfilling its responsibilities in relation to the Company’s financial reporting, compliance with internal financial controls, and the internal and external audit functions.
- 1.3** It is noted that the Board is responsible for the review of the Company’s risk management system.

2. COMPOSITION

- 2.1** The Committee shall comprise at least three Directors appointed by the Board from time to time, all of whom are non-executive Directors. A majority of Committee members must be independent Directors. “Independence” shall be determined in accordance with the Company’s Board Charter.
- 2.2** The Chair of the Committee shall be an independent Director, who is not also Chair of the Board.
- 2.3** All Committee members shall be financially literate. At least one member shall have accounting and/or related financial expertise as determined by the Board.

3. MEETINGS

- 3.1** The Committee shall meet as frequently as required, but not less than two times per year.
- 3.2** A quorum for Committee meetings shall be any two Director Committee members. Any Director who is not a Committee member may attend (but not vote at) a meeting of the Committee for discussion on particular areas of interest to that Director. The Committee may also invite management or other individuals to attend meetings of the Committee, as they consider appropriate.
- 3.3** The Committee shall report to the Board on all matters relevant to the Committee’s role and responsibilities. Minutes of Committee meetings shall be included in the papers for the next full Board meeting after each Committee meeting.
- 3.4** Draft minutes of each Committee meeting are to be prepared and forwarded to the Chair as soon as practical after the meeting and after any amendments by the Chair, to the remaining Committee members. Committee members should advise their approval or any requested amendments so that the approved minutes may be signed by the Chair at the next Committee meeting.

4. DUTIES AND RESPONSIBILITIES

- 4.1** The Committee shall have full access to all books, records, facilities, management and other staff, and the duties and responsibilities of the Committee shall include:
- (a) to provide the link between the external auditor and the Board of Directors;
 - (b) to make recommendations to the Board on the appointment, reappointment or replacement and remuneration of the external auditor;

- (c) to review and assess the independence and performance of the external auditor;
- (d) to ensure the external audit engagement partner is rotated in accordance with legislation and the Company Policy;
- (e) to review the scope, processes and results of the external audit;
- (f) to approve any non-audit services provided by the external auditor and ensure they do not compromise auditor independence;
- (g) to investigate any matter brought to its attention;
- (h) to engage independent counsel or other advisers as it determines necessary to carry out its duties;
- (i) to meet separately with external auditors without management present when it considers appropriate;
- (j) to monitor the effectiveness and appropriateness of the Company's accounting systems, financial reporting and internal financial controls, and compliance therewith;
- (k) to request the external auditor to include in the audit process specific tests and procedures as stipulated from time to time by the Audit Committee;
- (l) to review half-year and full-year financial statements and Appendices 4D and 4E and to be satisfied that these documents comply with relevant accounting standards and requirements; and to make recommendations to the Board prior to the Board resolving that the documents be filed with ASX; and
- (m) to review its performance and Charter annually to ensure it is operating effectively.