



## AUDIT COMMITTEE CHARTER

The charter of the Committee is:

1. **Establishment**  
It is the policy of Spitfire Materials Limited to have an Audit Committee of the Board at all times.
2. **Purpose**  
The purpose of the Audit Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the external reporting of financial information, the internal control and operational risk management framework, the independence and effectiveness of audit and compliance with laws and regulations.
3. **Authority**  
The Audit Committee has the authority to meet with appropriate personnel, obtain relevant records, and discuss matters with internal and external auditors, senior management and, where necessary, independent experts.
4. **Responsibilities**  
The Audit Committee will:
  - independently review the financial information prepared by management
  - recommend the operational and compliance risk policies for approval by the Board
  - review assurances on the effectiveness of the internal control systems
  - oversee, where required, the nomination of the external auditor to the Board for approval of the appointment by the shareholders
  - oversee and appraise the independence, effectiveness and scope of work of the internal and external auditors
  - review the effectiveness of the process implemented to monitor compliance with applicable laws and regulations
  - report to the Board on its activities and table the minutes of Audit Committee meetings.
5. **Attendance at Meetings**  
The Audit Committee meeting will be conducted in accordance with the corporate governance guidelines approved by the Board on an annual basis.

The policy of the Board is that the Committee should be comprised entirely of non-executive directors, all of whom have familiarity with financial management and at least one has expertise in financial accounting and reporting. The chairman should not be the Chairman of the Board. The current members of the Committee are Mr Russell Hardwick and Mr Ian Huitson. The Managing Director attends meetings by invitation. The Committee is scheduled to meet on a bi-annual basis.



The Committee is responsible for nominating the external auditor to the Board for appointment by shareholders. Rix Levy Fowler (Now Bentleys) was appointed Auditors of the company from May 2007. The appointment was approved at the 2007 AGM. The scope of the audit is agreed between the Committee and the auditor. The external audit partner attends meetings of the Committee by invitation.

## **POLICY AND PROCEDURE FOR SELECTION OF EXTERNAL AUDITOR AND ROTATION OF AUDIT ENGAGEMENT PARTNERS**

### **1. Responsibility**

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

### **2. Selection Criteria**

#### *Mandatory criteria*

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 on a regular basis.

#### *Other criteria*

Other than the mandatory criteria mentioned 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 and any other matters deemed relevant by the Board.

### **3. Review**

The Board will review the performance of the external auditor on an annual basis. The company currently requires the partner managing the audit for the external auditor be changed within a period of 5 years.