



**ERA**

**Energy Resources of Australia Ltd**

ABN 71 008 550 865

## **AUDIT COMMITTEE CHARTER**

### **1 ROLE OF THE AUDIT COMMITTEE**

The Audit Committee is an assurance and compliance body established to assist the Board to oversee its financial and compliance obligations.

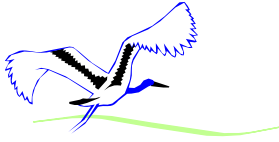
### **2 OBJECTIVES**

The Audit Committee is a committee of the Board of Directors established to provide assurance to the Board that the Company is properly meeting its obligations in relation to:

- a) The quality of financial information presented to the Board, to Rio Tinto and to other shareholders;
- b) The effectiveness and integrity of the internal control environment;
- c) The adequacy of ERA's credit, insurance and business risk management;
- d) The integrity of ERA's information systems; and
- e) The effectiveness of compliance with relevant legal and regulatory requirements, Rio Tinto standards and voluntary codes adopted by ERA.

To achieve these objectives the Committee will:

1. Review the draft annual financial report prior to its approval by the Board, with particular regard to:
  - (i) significant changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant audit adjustments; and
  - (iv) any non-compliance with accounting standards.
2. Review accounting policies and procedures and ensure that they are appropriate to the Company and in accordance with generally accepted and industry practice.
3. Monitor compliance with statutory and Australian Stock Exchange requirements for financial reporting.
4. Discuss the scope of the audit and matters arising from the audit with the external auditor.



5. Consider the need, and if seen fit make arrangements, for an internal audit function.
6. Review industry and accounting standard developments and the response of Management to proposed standards.
7. Review the carrying values of non-current assets to ensure compliance with accounting standards and the Corporations Act.
8. Confirm deadlines are met for the submission of annual returns and income tax returns.
9. Consider and recommend to the Board the half-yearly and preliminary final reports to the Australian Stock Exchange.
10. Review the adequacy of management information systems and ensure that the Board receives reliable and timely management information in an appropriate form.
11. Review and monitor the adequacy of ERA's compliance program.
12. Review the effectiveness of the "control environment" established by Management.
13. Review Management's responses on the Rio Tinto Internal Controls Questionnaire before it is provided to the Board for final review and sign off.
14. Ensure any necessary actions identified by the responses to the Rio Tinto Internal Control Questionnaire are initiated.
15. Review significant transactions outside the entity's normal business.
16. Provide input into the preparation of the Annual Report.
17. Initiate special projects or investigations on any matter within its terms of reference.

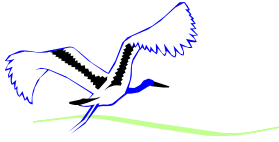
The Committee is empowered to examine any matter in relation to its objectives as it sees fit.

### **3 MEMBERSHIP OF THE AUDIT COMMITTEE**

Membership of the Audit Committee will be determined by the Board and consist of:

- (i) a minimum of three (3) and a maximum of five (5) persons to be appointed from time to time by the Board;
- (ii) exclusively non-executive Directors; and
- (iii) a majority of independent Directors.

A majority of members must be present at meetings to provide a quorum. Collectively, Committee members should possess a knowledge of the Company's activities; the environment in which the Company operates; internal control, corporate governance and business risk management principles; and financial and operational reporting.



## **4 CONDUCT OF COMMITTEE MEETINGS**

### **4.1 Chair**

The Audit Committee Chairperson will be:

- (i) an independent director who is not Chair of the Board; and
- (ii) appointed by the Board.

### **4.2 Secretarial**

The Company Secretary, in conjunction with the Chairperson, will be responsible for drawing up the agenda and circulating the agenda supported by explanatory documents to the Committee prior to each meeting.

The Company Secretary will also be responsible for recording the Minutes of Meetings of the Committee and circulating them to the Committee members, the Board members, the Chief Executive and external and internal auditors as appropriate.

### **4.3 Attendance**

Committee members may not substitute a representative to attend on their behalf.

The Chief Executive may be invited to attend Committee meetings. Other executives may be requested to attend Committee meetings to discuss or report on particular agenda items.

The external or internal auditor may be invited to attend meetings of the Committee.

### **4.4 Frequency of Meetings**

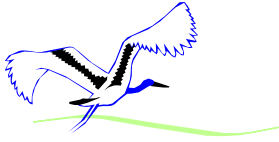
The Committee will hold at least three (3) meetings each year and such additional meetings as determined by the Committee to fulfil its duties.

### **4.5 Engagement of External Resources**

The Audit Committee has the power to engage external consultants as necessary for the purposes of meeting its obligations.

### **4.6 Access**

The Committee shall have unlimited access to all Company sites, documents, reports, records and personnel in pursuit of its objectives. Enquiries shall be directed to the Chief Executive or Company Secretary.



## **5 REPORTING REQUIREMENTS**

The Audit Committee shall:

- (a) report to the Board of Directors following each meeting; and
- (b) bring particular matters to the attention of the Board and make recommendations and/or express opinions as appropriate.

## **6 EXTERNAL AUDITORS**

The appointment of external auditors is a function of the full Board on the recommendation of the Audit Committee and is subject to approval by shareholders.

The Audit Committee will approve the scope of work and fees of the external auditors. Any work to be conducted by the external auditors outside the agreed scope of the audit is to be approved by the Audit Committee.

Ends.