

Audit and Risk Committee Charter

ViaGOLD Capital Limited ARBN 070 352 500 (**Company**)

MinterEllison

L A W Y E R S

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Audit and Risk Committee Charter

1. Introduction

- 1.1 The Audit and Risk Committee is a committee of the board of directors (**Board**) of ViaGOLD Capital Limited (**Company**).
- 1.2 The Board established the Audit and Risk Committee under the Company's constitution.
- 1.3 This Charter sets out the scope of the Audit and Risk Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4 The Audit and Risk Committee is part of the Board and is accountable to the Board for its performance.
- 1.5 The role of the Audit and Risk Committee is not an executive role.

2. Objective

The objectives of the Audit and Risk Committee are to:

- (a) help the Board achieve its objectives in relation to:
 - (i) external and internal financial reporting;
 - (ii) the application of accounting policies;
 - (iii) legal and regulatory compliance; and
 - (iv) internal control and risk management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability and reporting processes (including financial reporting on a consolidated basis);
- (c) oversee the appointment, remuneration, qualifications, independence and performance of the external auditor and the integrity of the audit process as a whole;
- (d) promote a culture of compliance;
- (e) ensure effective external audit functions and communication between the Board and the external auditors; and
- (f) review and generally assess the effectiveness of the Group's compliance strategies and compliance functions.

3. External financial reporting

The Audit and Risk Committee is responsible for:

- (a) assessing the appropriateness and application of the Group's accounting policies and principles and any changes proposed or required in order for them to accord with the applicable financial reporting framework;
- (b) obtaining an independent judgment from the external auditor about:
 - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and

- (ii) the clarity of current or proposed financial disclosure practices as put forward by management;
- (c) assessing any significant estimates or judgments in the financial reports (including those in any consolidated financial statements) by:
 - (i) querying management as how they were made; and
 - (ii) querying the external auditors as how they concluded that those estimates were reasonable;
- (d) reviewing compliance with all related party disclosures required (where applicable) by accounting standards and the *Corporations Act 2001* (Cth);
- (e) assessing information from external auditors that may affect the quality of financial reports (for example, actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations, and internal control issues);
- (f) reviewing any half-yearly and annual financial reports (including those prepared on a consolidated basis) with management, advisers and the external auditors (as appropriate) to assess (among other things):
 - (i) the compliance of accounts with accounting standards and the *Corporations Act 2001* (Cth); and
 - (ii) the nature and impact of any changes in accounting policies during the applicable period;
- (g) discussing any draft audit opinion letter with the external auditors before it is finalised;
- (h) receiving any management letter from the external auditors;
- (i) reviewing and, as required, recommending amendments to all interim and final financial reports and annual (and other) reports to ASIC and ASX and recommending to the Board their approval and adoption by the Board;
- (j) reviewing compliance by the Group with its IATA and Travel Compensation Fund reporting and lodgement obligations; and
- (k) following up on any matter raised by the Board regarding financial reports, audit opinions and management letters.

4. Risk management and internal control

The Audit and Risk Committee is responsible for:

Risk management and internal audit, compliance and control systems

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
- (b) approving and recommending to the Board for adoption policies and procedures on risk management and oversight and to establish an effective and efficient system for:
 - (i) identifying, assessing, monitoring and managing risk; and
 - (ii) disclosing any material change to the risk profile of or faced by the Company;
- (c) regularly reviewing and updating the risk profile;

- (d) assessing the adequacy of the internal risk control systems with management and external auditors;
- (e) monitoring the effectiveness of the internal risk control systems;
- (f) ensuring the risk management systems take into account all material risks, including risks arising from:
 - (i) implementing strategies (strategic risk);
 - (ii) operations or external events (operational risk);
 - (iii) legal and regulatory compliance (legal risk);
 - (iv) inappropriate business conduct and ethics (corporate responsibility risk);
 - (v) changes in community expectations of corporate behaviour (reputation risk);
 - (vi) a counterparty's financial obligations within a contract (credit risk);
 - (vii) changes in financial and physical market prices (market risk); and
 - (viii) being unable to fund operations or convert assets into cash (liquidity risk);
- (g) assessing if management has controls in place for unusual transactions and any potential transactions that may carry more than an acceptable degree of risk;
- (h) regularly assessing the need for an internal audit capability and, if it is determined that there is a need, the method of its introduction and/or the scale, scope and resourcing of that internal audit capability.

Key financial risks

- (i) assessing and prioritising the areas of greatest potential financial risk, including:
 - (i) safeguarding assets;
 - (ii) litigation and claims;
 - (iii) non-compliance with laws, regulations, standards and best practice guidelines that may result in significant financial loss;
 - (iv) important judgments and accounting estimates; and
 - (v) maintenance of proper accounting records;
- (j) assessing the internal process for determining areas of greatest potential financial risk;
- (k) assessing and monitoring the management of areas of greatest potential financial risk;
- (l) reporting to the Board on the adequacy of the financial risk management;

Legal and regulatory risks

- (m) assessing and prioritising the areas of greatest legal and regulatory risk;
- (n) assessing the internal processes for determining, monitoring and managing areas of greatest legal and regulatory risk;
- (o) receiving reports from management of any actual or suspected fraud, theft or other breach of the law;
- (p) monitoring compliance with legal and regulatory obligations;

- (q) reporting and making recommendations to the Board regarding:
 - (i) the management of areas of greatest legal and regulatory risk (including fraud and theft); and
 - (ii) compliance with legal and regulatory obligations;

Tax

- (r) reviewing management's practices and systems for managing the imposition and impact of taxation on the Group;

Disclosure and reporting

- (s) ensuring management establishes a comprehensive process to capture information that must be disclosed to ASX;
- (t) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial and non-financial information (including, among other things, preliminary announcements, interim reporting, open or one-on-one briefings and continuous disclosure);
- (u) assessing management's processes for ensuring non-financial information in documents (both public and internal) does not conflict inappropriately with financial reports and other documents;
- (v) assessing internal control systems relating to the release of confidential or other potentially adverse information of or pertaining to the Group; and
- (w) reviewing for completeness and accuracy the reporting of corporate governance practices in accordance with the ASX Listing Rules.

5. External audit

The Audit and Risk Committee is responsible for:

- (a) approving and recommending to the Board for acceptance, the terms of engagement with the external auditor at the beginning of each year;
- (b) regularly reviewing with the external auditor:
 - (i) the scope of the external audit;
 - (ii) any conflicts or potential conflicts between the interests of the external auditor and the interests of the Group;
 - (iii) identified risk areas; and
 - (iv) any other agreed procedures;
- (c) approving and recommending to the Board for adoption, policies and procedures for appointing or removing an external auditor, including criteria for:
 - (i) technical and professional competency;
 - (ii) adequacy of resources; and
 - (iii) experience, integrity, objectivity and independence;
- (d) recommending to the Board for approval, the appointment or removal of an external auditor based on those policies and procedures referred to in paragraph (c);

- (e) reviewing and assessing on a regular basis the compliance of the external auditor with criteria referred to in paragraph (c);
- (f) recommending to the Board the remuneration of the external auditor;
- (g) regularly reviewing the effectiveness and independence of the external auditor taking into account:
 - (i) the length of appointment;
 - (ii) the last dates lead engagement partners were rotated;
 - (iii) an analysis and disclosure of fees paid to external auditors, including the materiality of fees paid for non-audit services and the nature of those services; and
 - (iv) any relationships with the Group or any other body or organisation that may impair or appear to impair the external auditor's independence;
- (h) satisfying itself that the external auditor can do an effective, comprehensive and complete audit for the external auditor's set fee;
- (i) recommending to the Board for approval the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (j) meeting periodically with the external auditors and inviting them to attend Audit Committee meetings to:
 - (i) review their plans for carrying out internal control reviews;
 - (ii) consider any comments made in the external auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and
 - (iii) make recommendations to the Board;
- (k) asking the external auditor if there have been any significant disagreements with management, whether or not they have been resolved;
- (l) monitoring and reporting to the Board on management's response to the external auditor's findings and recommendations;
- (m) reviewing all representation letters signed by management and ensuring information provided is complete and appropriate; and
- (n) receiving and reviewing the reports of the external auditor.

6. Other responsibilities

The Audit and Risk Committee is responsible for:

- (a) reviewing management's recommendations concerning the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement, professional indemnity, crime, special accident and trustees liability;
- (b) if it considers appropriate, investigating any complaint or allegation made to it;
- (c) reviewing and monitoring any related party transaction and recommending its approval; and

- (d) ensuring the audit, risk management and compliance policies and procedures are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

7. Audit Committee composition

- 7.1 The Audit and Risk Committee must comprise at least three members;
- 7.2 If the circumstances of the Group permit and it is reasonably practicable to do so or if it is required by law, the Audit and Risk Committee will comprise of the following members:
- (a) only non-executive Directors;
 - (b) a majority of independent Directors; and
 - (c) an independent chairperson (who is also not the chairman of the Board).
- 7.3 The Audit and Risk Committee will appoint its chairman.
- 7.4 The Audit and Risk Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.
- 7.5 Each member of the Audit and Risk Committee should have an understanding of the industry in which the Group operates.
- 7.6 The Board will decide appointments, rotations and resignations of members of the Audit and Risk Committee having regard to the ASX Listing Rules and the *Corporations Act 2001* (Cth).

8. Audit and Risk Committee meetings

- 8.1 The Audit and Risk Committee will meet as often as it considers necessary.
- 8.2 A quorum for an Audit and Risk Committee meeting is two members of the Committee. Any member of the Audit and Risk Committee may call a meeting of the Audit and Risk Committee. The chairman of the Audit and Risk Committee will not have a second or casting vote. Any person (including expert advisors) it regards as appropriate may be invited to attend meetings of the Audit and Risk Committee, but not necessarily for the full duration of the meeting. An invitation to attend meetings of the Audit and Risk Committee may at any time be issued by the Committee to:
- the Managing Director;
 - the Chief Financial Officer; and
 - the engagement partner of the external auditor.
- 8.3 Audit and Risk Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 8.4 The Audit and Risk Committee may pass or approve a resolution without holding a meeting in accordance the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001* (Cth).

9. Minutes of Audit and Risk Committee meetings

- 9.1 The Audit and Risk Committee must keep minutes of its meetings.

- 9.2 Minutes of each Audit and Risk Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Audit and Risk Committee.
- 9.3 Minutes must be distributed to all members of the Audit and Risk Committee (after approval of the draft minutes by the chairman of the Audit and Risk Committee).
- 9.4 Minutes, agendas and supporting papers will be available to all Directors upon request to the Audit and Risk Committee secretary, except if there is a conflict of interest.

10. Reporting to the Board

The chairman of the Audit and Risk Committee must report the Audit and Risk Committee's findings to the Board after each Audit and Risk Committee meeting.

11. Access to information and independent advice

- 11.1 The Audit and Risk Committee may seek any information it considers necessary to fulfil its responsibilities.
- 11.2 The Audit and Risk Committee has access to:
- (a) management to seek explanations and information from management; and
 - (b) external auditors to seek explanations and information from them, without management being present..
- 11.3 The Audit and Risk Committee (and each member of the Audit and Risk Committee, with the consent of the chairman of the Committee and prior approval by the chairman of the Committee of the likely costs of obtaining that advice) may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Audit and Risk Committee may meet with these external advisers without management being present.

12. Performance

The Committee will assess its performance each year having regard to the principles and requirements of the Charter and the overall objectives of the Audit and Risk Committee's work.

13. Review and changes to this Charter

- 13.1 The Audit and Risk Committee will review this Charter annually or as often as it considers necessary.
- 13.2 The Board may change this Charter from time to time by resolution.

VIAGOLD CAPITAL LIMITED

21 May 2008