

Audit Committee Mandate

Purpose

The Audit Committee ("AUDIT" or "Committee") is established to review the principles, policies and practices adopted in the preparation of the financial statements of Avocet Mining PLC and its subsidiaries, as well as ensuring any other formal announcements relating to the financial performance of the Group comply with relevant statutory and regulatory requirements.

The Committee is also responsible for assisting the board in discharging its responsibilities for the integrity of the Company's financial statements, the effectiveness of the systems of governance, risk management and internal control, and monitoring the effectiveness and independence of the external auditors. It shall also review the requirement for an internal audit function within the group.

The Committee shall report and make recommendations to the board in respect of any action required in these matters.

Operation

Composition

- The Committee shall consist of not less than three non-executive directors, of whom at least one (normally the chairman of the committee) must have recent and relevant financial experience;
- Members of the Committee shall be determined by the board on the recommendations of the Nomination Committee;
- A quorum shall be two members of the Committee;
- The Company Secretary will be secretary of the Committee.

Invitees

- The Group Finance Director and external auditors would normally be invited to attend Committee meetings;
- In addition, the Committee may also invite other members of the board, EXCO, senior management, and/or any third party consultant as appropriate.

Frequency

- The Committee shall meet at least twice a year, or more frequently as required by external reporting cycle.
- The Committee shall meet with the external auditors at least once a year without the executive management being present.

Responsibilities

Accounting and financial reporting

- The Committee shall review and monitor the integrity of the Avocet Mining PLC Group financial statements and press releases, as well as any other formal announcements relating to the Company's financial performance;
- In particular, the Committee shall focus on:
 - Significant areas of judgement and estimation;
 - Clarity and completeness of disclosure;
 - Appropriateness of accounting policies;
 - Compliance with regulatory, statutory and legal requirements;
 - Areas highlighted by the external audit;
 - Carrying values of assets;
 - Adequacy of provisions;
 - Impact of significant business issues on financial statements and disclosures;
 - Going concern;
 - Write-offs and impairments;

External audit

- The Committee is responsible for reviewing and approving the audit strategy and plan;
- The Committee shall discuss the progress of the external audit, and shall consider any matters brought to its attention by the auditors, including key management issues, adequacy of controls, and material adjustments to the financial statements;
- At the end of the audit cycle, the Committee will review and monitor the performance and the objectivity of the external auditors;
- The Committee shall be responsible for making recommendations to the board, and to the shareholders, in respect of the appointment and remuneration of external auditors;

Internal audit

- The Committee shall assess the requirement for an internal audit function;

Internal controls

- The Committee is responsible for ensuring the adequacy of internal controls and risk management;

Fraud, anti-bribery, and whistleblowing

- The Committee is responsible for ensuring adequate procedures are in place to guard against fraud and bribery;
- The Committee shall also assess the appropriateness of the Group's whistleblowing procedures and shall consider the major findings of internal investigations, as well as management's response.