

Mundo Minerals Limited

Corporate Governance

AUDIT COMMITTEE CHARTER

Introduction

This Charter sets out the purpose, membership, conduct of meetings, authority, responsibilities and reporting of the Audit Committee.

Purpose

The Audit Committee is a committee of the board of directors with the specific powers delegated under this charter. The Committee's primary purpose is to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information provided by the Company pursuant to its statutory reporting requirements.

Membership

Members of the Committee are appointed by the Board. The Audit Committee should comprise:

- At least two members;
- A majority of independent, non-executive directors;
- An independent chairman who is not the chairman of the board; and
- Where possible, at least one member with financial expertise and at least one member who has an understanding of the industry in which the Company operates.

Current committee members are independent non-executive directors Robert McKenzie and Brian Hurley (Chairman).

Meetings

Audit Committee meetings will be held as frequently as required though not less than two times each year. A quorum will be two members.

The Company Secretary will be the Secretary of the Audit Committee and record the minutes of each meeting.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its charter.

The Audit Committee:

- Has unrestricted access to management, employees and the external auditors of the company.
- Has unrestricted access to any information it requires to fulfil its responsibilities, including full access to all books and records.
- May seek independent legal or other professional advice on matters brought before the committee or in relation to the functions and responsibilities of the Committee.
- May conduct or authorise investigations into any matters within the Committee's scope of responsibilities, or when requested by the Board.

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Responsibilities

The Audit Committee is responsible for promoting a culture within the Group that strives to achieve best practice and integrity in financial reporting. In particular, the Committee has the following duties:

- Monitor the effectiveness and integrity of the financial reporting process.
- Facilitate open communication between the Board and the external auditors.
- Oversight of the control environment in regard to financial reporting and accounting records.
- Review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval. The Committee will particularly focus on:
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments and accounting and financial reporting issues resulting from the external audit;
 - compliance with accounting policies and standards; and
 - compliance with legal requirements.
- Assess the audit plan of the external auditors, including identified risk areas.
- Assess the independence and effectiveness of the external auditors.
- Review the terms of appointment of the external auditor, the audit fee, and any questions of resignation or dismissal.
- Review and monitor management's responsiveness to matters raised by external audit.

The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of Mundo Minerals Limited or professional advisors where appropriate.

Reporting Procedures

The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chairman of the Audit Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Audit Committee meeting along with any recommendations of the Committee.

Review

The Committee shall review and reassess the charter at least annually.