

## **Anglesey Mining plc**

### **Audit Committee**

#### **Terms of Reference as revised on 27 September 2005**

### **CONSTITUTION**

1. The Audit Committee is established as a committee of the board.

### **MEMBERSHIP**

2. The committee shall be appointed by the board from amongst the independent non-executive directors of the company and shall consist of not less than two members. A quorum shall be two members.
3. An independent director, identified by the board, shall be chairman of the committee.

### **ATTENDANCE AT MEETINGS**

4. The finance director shall normally attend meetings. Other board members shall also have the right of attendance. However, at least once a year the committee shall meet privately with the external auditors without the executive directors or secretary present.
5. The company secretary shall be the secretary of the committee, except in respect of the private meetings between the auditors and the committee.

### **FREQUENCY OF MEETINGS**

6. Meetings shall be held not less than twice a year. Should the external auditors request a meeting of the committee, immediate notification of such request must be given to committee members and every effort made to schedule a meeting as soon as possible.

### **AUTHORITY**

7. The committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee.
8. The committee is authorised by the board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### **DUTIES**

9. The duties of the committee shall be:
  - (a) to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
  - (b) to discuss with the external auditor, before the audit commences, the nature and scope of the audit;
  - (c) to review the half-year and annual financial statements before submission to the board, focusing particularly on:
    - (i) any changes in accounting policies and practices;
    - (ii) major judgemental areas;

- (iii) any significant adjustments resulting from the audit;
  - (iv) the going concern assumption;
  - (v) compliance with accounting standards;
  - (vi) compliance with stock exchange and legal requirements;
- (d) to discuss problems and reservations arising from the audit and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (e) to review the external auditor's management letter and management's response;
- (f) to review the company's statement on internal control systems prior to endorsement by the board;
- (g) to consider the major findings of any internal investigations and management's response;
- (h) to make itself available to any member of staff who wishes to discuss any aspect of the company's or the board's conduct;
- (i) to consider other topics, as defined by the board.

## **REPORTING PROCEDURES**

10. The secretary shall circulate the minutes of meetings of the committee to all members of the board.