

NEW TALISMAN GOLD MINES LTD ("NTL")

AUDIT AND FINANCIAL RISK COMMITTEE CHARTER

1. Introduction

This Charter sets out the operating guidelines for the Audit and Financial Risk Committee ("Audit Committee") of New Talisman Gold Mines Ltd ("NTL"). The Audit Committee assists the Board in overseeing all matters relating to financial risk management and the financial management, accounting, audit and reporting of NTL and its subsidiaries. This Charter applies in addition to matters set out in the Board Charter.

2. Role and Purpose of the Audit Committee

Board Committees are established to perform particular work on an ongoing basis. Within that mandate, the purpose of the Committee is to provide a specific governance focus on Financial risk and Financial reporting of NTL and its subsidiaries.

The primary role of the Audit Committee is to fulfil the responsibilities specified in this Charter, and in the course of doing so, assist the Board to carry out the following:

- 2.1.** To monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- 2.2.** To review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- 2.3.** Review and monitor the quality, credibility and objectivity of the corporate reporting processes and accounting/treasury policies;
- 2.4.** To monitor and review the effectiveness of the Company's internal audit function. If the company has not adopted an internal audit function, it should disclose on the corporate governance page on the Company's website that fact and the alternative processes it employs in order to evaluate and continually improve the effectiveness of its risk management and internal control processes;
- 2.5.** To monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements; and
- 2.6.** Periodically review external auditor appointment and audit partner rotation.
- 2.7.** Provide a formal forum for free and open communication between the Board, external auditors and management.

By undertaking these functions the Audit Committee will assist Board members to meet their due diligence requirements with respect to financial risk management and reporting.

This Audit Committee has an ongoing role and purpose in support of the Boards governance of NTL. As such it can only be disestablished through a resolution of the full Board.

3. Composition of the Audit Committee

- 3.1** The Board will appoint the Chair of the Audit Committee and the Audit Committee members;
- 3.2** The Chair of the Audit Committee will be an independent Director who is not the Chair of the Board;
- 3.3** The Audit Committee will comprise at least three members. The majority of members shall be independent and non-executive members of the Board;
- 3.4** At least one member is to have significant, recent and relevant financial experience.
- 3.5** The quorum will be two Directors with one member of management in the role of secretary;
- 3.6** Meetings may be conducted in person or via video or teleconferencing.

4. Audit Committee Procedure

- 4.1** The Audit Committee shall meet at least bi-annually to consider and recommend that the Board adopt the half yearly and annual financial statements and related documentation. The Audit Committee will have further meetings on an as required basis;
- 4.2** Minutes of all meetings of the Audit Committee are to be kept and the minutes and a report of actions taken to be given at each subsequent meeting of the full Board of directors.
- 4.3** The Chair will meet with Management and the external auditors (Either together or separately) as the Chair deems appropriate;
- 4.4** The Audit Committee will meet the External Auditors without Management present as a standing agenda item at each half yearly and annual meeting and at other meetings if requested by the External Auditor;
- 4.5** The CEO and contracted Financial Controller will attend all Audit Committee Meetings.

- 4.6 The Company Secretary will be secretary to the Audit Committee, or any other NTL employee as recommended by the CEO and appointed by the Chair;
- 4.7 The secretary will prepare the agenda in consultation with the Committee Chair;
- 4.8 Audit Committee papers will be available to Directors at least three working days before the Committee meeting (unless agreed with the Chair);
- 4.9 The secretary will take and maintain accurate minutes of the Committee's meeting, and will provide draft minutes to the Chair within five working days after the meeting;
- 4.10 Approved minutes of the Audit Committee meetings will be included in the following Board meetings papers; and
- 4.11 Approved minutes will be available to Directors and management.

5. Induction, Continuous Development and Resources

The Company will provide the Audit Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company and such other relevant materials requested by the Audit Committee.

The Chair of the Audit Committee will ensure appropriate induction of new Board members and the continuous development of existing Board members. In addition, the Audit Committee may obtain further information from external specialists if and as required.

6. Reporting to the Shareholders

- 6.1 The Directors' report to contain a separate section that describes the role of the Audit Committee and what action it has taken.
- 6.2 An independent member of the Audit Committee to be present at the AGM to answer questions, through the Chairperson of the Board.
- 6.3 Auditor to be invited to be present at shareholder meetings.

7. Powers and Authority

In addition to the powers and authorities specified in the Board Charter, the Audit Committee is specifically authorised by the Board to perform activities within the scope of its Charter. In summary the Audit Committee has power and authority to:

- Investigate any activity within its Charter and any matters requested by the Board;

- Resolve any disagreements between management and the external auditor regarding financial reporting;
- Review and approve policies in respect of all matters related to enterprise risk management and financial reporting with the exception of treasury policies;
- Review and recommend change in the Treasury policy to the Board;
- Review and approve any Director certificates required pursuant to financing arrangements provided that two members carry out such execution;
- Recommend for shareholder approval candidates to act as the external auditor – but only if they are appropriately qualified and meet the independence criteria set out by the Board.
- Appoint the external auditor (subject to annual shareholder approval) and terminate the external auditors appointment as appropriate;
- Approve the remuneration and terms of engagement of the external auditor.

8. Responsibilities

Appendix A to this Charter sets out the responsibilities and duties delegated to the Audit Committee by the Board. The purpose of this delegation is to assist the Board to fulfil its responsibilities and objectives in respect of all matters related to financial risk management and financial reporting for NTL and to enable the Audit Committee to make recommendations to inform Board decision making.

The responsibilities and duties delegated to the Audit Committee by the Board are also intended to assist Board members in taking reasonable steps to acquire and maintain up-to-date knowledge of risk management and financial reporting matters that are relevant to NTL.

It is not the responsibility of the Audit Committee to conduct accounting or auditing reviews or procedures. Accordingly:

- Management is responsible for the preparation, presentation and integrity of the financial statements;
- Management is responsible for implementing and maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations;
- NTL's external auditors are responsible for planning and carrying out each external audit and review, in accordance with applicable auditing and review standards; and

- NTL's external auditors are accountable to shareholders (through the Audit Committee and the Board).

The Board retains overall responsibility for financial risk management and financial reporting, and has absolute direction to accept or disregard recommendations or actions of the Audit Committee.

Appendix A
Audit Committee Responsibilities and Duties

Responsibility		When Performed through Audit Committee Meetings		
		First Half Of year April or May	Second Half of year November or December	As needed
1.	To review and discuss the external financial reporting with management and the external auditor, including whether the reporting is consistent with the Audit Committee members' information and knowledge and whether it is adequate for shareholder needs.	X	X	
2.	<p>When conducting the above review, consider:</p> <ul style="list-style-type: none"> • The underlying quality, not just acceptability, of the external financial reporting; • Changes in accounting policy and practice; • Any significant accounting estimate and judgements; • Accounting implications of new and significant transactions; • Management practices and any significant disagreements between management and the external auditors; • The propriety of related party transactions; • Feedback from external market participants, including shareholders as appropriate • Compliance with applicable New Zealand and international accounting standards; New Zealand and Australian Exchange requirements (including relevant listing rules); and legislative requirements including the Companies Act (NZ), Financial Reporting Act (NZ) and Corporations Law (Australia); and • The annual and half year back to back management representation letter by management to the Board that: <p>NTL's financial reports represent a true and fair view in all material respects of NTL's</p>	X	X	

Responsibility		When Performed through Audit Committee Meetings		
		First Half Of year April or May	Second Half of year November or December	As needed
	<p>financial condition and operational results and are in accordance with relevant accounting standards; and</p> <p>The above statement has been made based on a sound system of risk management and internal control and compliance which implements the policies adopted by the Board.</p>			
3.	Obtain regular updates from management and external advisors about compliance matters that may have a material impact on external financial reporting.	X	X	X
4.	Meet with the external auditors and management to discuss the practises and issues surrounding the external financial reporting.			X
5.	Report the results of the review of external financial reports to the Board and recommending, if appropriate, the Board approve the external financial reporting and related documentation.	X	X	
6.	Discuss with management the content of management commentary, press releases, market disclosures and analyst presentations given in respect of any half yearly and annual financial reporting (including financial information included with the annual report)	X	X	X
7.	The committee will perform such other functions as assigned by law, the Company's constitution, or the Board of directors.	X	X	X
8.	The Audit Committee will have the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee will have the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.			X
9.	The Audit Committee will meet bi-annually or more frequently as circumstances require. The Audit Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.			X

Responsibility		When Performed through Audit Committee Meetings		
		First Half Of year April or May	Second Half of year November or December	As needed
10.	The agenda for Audit Committee meetings will be prepared by the Chair in consultation with the committee members, finance management and the independent auditors as necessary.	X	X	X
11.	Provide an open avenue of communication between, the independent auditor, finance management and the Board of directors. Report Audit Committee actions to the Board of directors with such recommendations as the Audit Committee may deem appropriate.			X
12.	Review and update the Audit Committee Charter and Responsibilities Calendar annually.		X	
13.	Provide an annual report to the Board that includes the committee's review and discussion of matters with management and the independent auditor.	X		
14.	Appoint and replace the independent auditor and approve the remuneration and terms on which the independent auditor is engaged.	X		
15.	Provide oversight of the independent auditor and resolve any disagreements between management and the independent auditor regarding financial reporting.	X	X	
16.	For each audit engagement the chairman of the audit committee will review and sign off an engagement letter outlining permissible services that the independent auditor may perform for the Company and the fee associated with those services.	X	X	X
17.	Confirm annually the independence of the independent auditor, and annually review the firm's non-audit services and related fees.		X	
18.	Ensure that the lead audit engagement and concurring audit partners are rotated every five years.			X
19.	Verify the Audit Committee consists of a minimum of two members who are financially literate, including at least one member who has financial sophistication.		X	

Responsibility		When Performed through Audit Committee Meetings		
		First Half Of year April or May	Second Half of year November or December	As needed
20.	Review the independence of each committee member based on ASX & NZX Corporate Governance Guidelines.		X	
21.	Inquire of finance management, and the independent auditor about significant risks or exposures and assess the steps management has taken to minimize such risk to the Company.			X
22.	Review with the independent auditor and finance management the audit scope and plan, and coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, the effective use of audit resources.	X		X
23.	Consider and review with finance management and the independent auditor:			
	(a) The Company's annual assessment of the effectiveness of its internal controls and the independent auditor's attestation and report about the Company's assessment.	X		
	(b) The adequacy of the Company's internal controls including computerized information system controls and security.	X		
	(c) Any related significant findings and recommendations of the independent accountants with management's responses thereto.	X		
24.	Review with finance management any significant changes to financial policies or standards.	X		
25.	Review with finance management and the independent auditor at the completion of the annual audit:	X		
	(a) The Company's annual financial statements and related footnotes.	X		X
	(b) The independent auditor's audit of the financial statements and its report thereon.	X		X

Responsibility		When Performed through Audit Committee Meetings		
		First Half Of year April or May	Second Half of year November or December	As needed
	(c) Any significant changes required in the independent auditor's audit plan.	X		X
	(d) Any serious difficulties or disputes with management encountered during the course of the audit.	X		X
	e) Review the external auditor's letter to management and agree actions to be taken as a result.			
	(f) Other matters related to the conduct of the audit which are to be communicated to the Audit Committee under generally accepted auditing standards.	X		X
26.	Review with finance management and the independent auditor at least annually the Company's critical accounting policies.	X		X
27.	Review policies and procedures with respect to transactions between the Company and officers and directors, or affiliates of officers or directors, or transactions that are not a normal part of the Company's business.			X
28.	Consider and review with finance management and the independent auditor:			
	(a) Significant findings during the year and management's responses thereto.			X
	(b) Any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.			X
	(c) Any changes required in planned scope of their audit plan.			X
29.	In connection with each periodic report of the Company, review			
	(a) Management's disclosure to the Audit Committee and the independent Principle 4	X	X	

Responsibility		When Performed through Audit Committee Meetings		
		First Half Of year April or May	Second Half of year November or December	As needed
	recommendation 4.1 of ASX Corporate Governance Guidelines.			
	(b) The contents of the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) certificates to be filed under the ASX Corporate Governance Guidelines	X	X	
30.	Develop and oversee procedures for (i) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and (ii) the confidential, anonymous submission of employee concerns regarding accounting or auditing matters.			X
31.	Each year invite the auditor to attend each Annual General Meeting (and any other shareholder meetings) of the Company and be available to answer questions from shareholders in the financial reports related to the audit.		X	
32.	Consider the effectiveness of the system for monitoring Compliance with laws, regulations, internal policies and managements investigation and follow-up of fraudulent acts or non-compliance.		X	
33.	Consider the adequacy of internal controls after consultation with the external auditors and management (who should report at least annually to the Audit Committee)	X		
34.	Evaluate NTL's potential exposure to fraud and disclosing to the external auditor any fraud that involves employees who have a significant role in NTL's internal controls.	X	X	
35.	Review the back to back management representation letter by management staff to the Board that NTL's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	X	X	
36.	Review and discuss the financial risk and financial reporting risks of NTL and where the risk framework and internal controls effectively identify areas of potential, material risk.	X	X	
37.	Ensure that management has established a financial risk management framework in line with the Board's risk appetite that includes policies and procedures to effectively identify, treat and monitor financial and		X	

Responsibility		When Performed through Audit Committee Meetings		
		First Half Of year April or May	Second Half of year November or December	As needed
	financial reporting risks and regularly reporting to the Board.			
38.	Assessing the effectiveness of and monitoring compliance with the financial risk management framework	X	X	
39.	Review NTL's insurance program at least annually having regard to insurable risks associated with NTL's operations. This includes reviewing insurance policies and assessing whether any policy amendments are required.		X	
40.	Prepare any reports or statements required by law or listing rules, or requested by the Board, such as NTL's Corporate Governance Statement required under ASX listing rules.	X		