



## **Audit and Risk Committee Charter**

## 1 INTRODUCTION

This is the charter of the Audit and Risk Committee (**Committee**) established by the board of directors (**Board**) of OzAurum Resources Limited ACN 643 244 544 (the **Company**) in accordance with the Company's Constitution (**Charter**).

This Charter sets out the role, authority, responsibilities, composition and procedural requirements of the Committee.

Due to the size and scale of its operations, the Company currently does not have a separate Audit and Risk Committee. The roles and responsibilities of an Audit and Risk Committee are currently undertaken by the full Board.

## 2 REMIT

The Committee's remit is to assist the Board in fulfilling its responsibilities with respect to the Company's financial reports, reporting processes, risk management, internal controls and internal and external audit processes. The scope of these functions are set out in further detail in paragraphs 2.1 to 2.6 below.

### 2.1 External Audit

The Committee will:

- (a) make recommendations to the Board on the appointment, reappointment or replacement and the remuneration of the Company's external auditor (**Auditor**);
- (b) monitor the effectiveness and independence of the Auditor;
- (c) resolve any disputes between the Auditor and the Company's executives regarding financial reporting;
- (d) review the Auditor's proposed audit scope and approach;
- (e) review the Auditor's annual report and provide recommendations to the Board on the implementation of any recommendations proposed by the Auditor; and
- (f) arrange for the Auditor to attend the Company's annual general meeting to be available to answer questions from security holders relevant to the audit.

### 2.2 Internal Audit

The Committee will, if the Company performs any internal audits (**Internal Audit**):

- (a) be responsible for the appointment and removal of the head of the Internal Audit;
- (b) oversee and monitor the scope and adequacy of the Internal Audit;

- (c) review the resources provided to and principles governing the Internal Audit and implement budgeting and governance strategies to ensure the Internal Audit functions adequately;
- (d) review the results of any Internal Audit and provide recommendations to the Board on the implementation of policies or procedures recommended by the Internal Audit; and
- (e) pre-approve any audit and non-audit services provided by the Auditor to ensure that the Auditor is not engaged to perform any services that may impair or appear to impair the Auditor's judgement or independence with respect to the Company.

## 2.3 Controls and Risk

The Committee will:

- (a) prepare a risk profile that describes all material business risks facing the Company and complies with the terms of the Company's Risk Management Policy and develop policies to identify, manage, mitigate and transfer risk where possible and as they arise (**Risk Management Framework**);
- (b) regularly review and update the Risk Management Framework and provide copies to the Board for consideration at Board meetings;
- (c) prepare policies for business continuity and crisis management for approval by the Board;
- (d) review and report to the Board as necessary and in any event, at least once annually, on the effectiveness of the Company's internal controls regarding:
  - (i) the Company's financial reporting systems and processes;
  - (ii) due diligence for acquisitions and other new projects;
  - (iii) compliance with confidentiality obligations;
  - (iv) information technology security; and
  - (v) data privacy;
- (e) review and report to the Board as necessary and in any event, at least once annually, on the effectiveness of internal systems and processes for identifying, managing and monitoring material business risks; and
- (f) obtain reports from time to time from the Company's executives and management regarding any occurrence or the status of a material breach of the Company's internal controls, material risk exposures or incidents or instances of fraud, bribery or corruption and report to the Board on such breaches, exposures and incidents.

## 2.4 Financial

The Committee will:

- (a) review the appropriateness and integrity of the accounting policies and principles adopted by the Company in the preparation and presentation of its financial reports;
- (b) review any financial reports prepared by the Company and consider whether they are accurate, complete, consistent and reflect the Company's accounting policies and principles;
- (c) meet separately with the Company's executives and management, personnel responsible for any Internal Audit and the Auditor to discuss and consider matters pertaining to the preparation of the Company's financial statements and accounts; and
- (d) receive from the Chief Executive Officer or Chief Financial Officer of the Company a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## 2.5 Compliance

The Committee will:

- (a) consider and develop plans and processes to ensure the Company complies with all relevant legislation, regulations, codes, rules and best practice (**Compliance Frameworks**);
- (b) obtain regular updates from the Company's executives, legal counsel, the Auditor and any other advisors as it considers necessary in order to review the Company's Compliance Frameworks and regularly improve existing frameworks;
- (c) co-ordinate with and review the findings of any examinations or investigations conducted by regulatory bodies into the Company, its operations or the industry in which the Company operates; and
- (d) review and report to the Board as necessary and in any event, at least once annually, on the Company's Compliance Frameworks.

## 2.6 Other

The Company will:

- (a) review and monitor any related party transactions and investments involving the Company and its directors for compliance with the relevant laws and regulations and the Company's Compliance Frameworks;
- (b) institute and oversee special investigations with such scope as determined by the Board from time to time; and
- (c) perform any other activities as requested by the Board from time to time.

### **3 COMPOSITON**

#### **3.1 Composition**

The Committee will be of sufficient size, independence and technical expertise to discharge its remit effectively and, to the extent practicable given the size and composition of the Board from time to time, consist of:

- (a) at least two members;
- (b) where practicable, only non-executive directors;
- (c) where practicable, a majority of independent directors, as that term is defined in the Board Charter (**Independent Director**); and
- (d) be chaired by a director nominated by the Board who is an Independent Director and who is not the Chair of the Board (**Chair**).

#### **3.2 Appointment and Cessation of Members**

The Board may, by resolution, appoint a director to the Committee at any time (**Member**) and Members will cease to be a Member of the Committee if:

- (a) the Member gives 30 days written notice to the Chair of the Member's resignation from the Committee;
- (b) the Chair gives 30 days written notice that the Member is to cease to be a Member of the Committee;
- (c) the Board resolves to remove the Member from the Committee; or
- (d) the Member ceases to be a director of the Company, at which point they will automatically cease to be a Member of the Committee.

#### **3.3 Members**

Members of the Committee are expected to be financially literate, with the ability to read and understand financial statements and a general understanding of the industry within which the Company operates.

To the extent practicable given the size and composition of the Board from time to time, the Committee should consist of:

- (a) at least one Member who has expertise in financial and accounting matters; and
- (b) at least one Member who has substantial experience in, or an understanding of, the industry within which the Company operates.

## **4 GOVERNANCE**

### **4.1 Meetings**

The Committee will meet as frequently as required to undertake its role effectively. The Chair, Auditor or any Member may call a meeting of the Committee at their discretion by providing reasonable notice in advance to all Members.

### **4.2 Quorum**

The quorum for any meeting of the Committee is two (2) Members, attending in person or by any electronic means allowing simultaneous communication.

### **4.3 Procedure at Meetings**

At Meetings of the Committee:

- (a) the Chair will chair all Meetings of the Committee and, in the event the Chair is absent, the Members will nominate a Member in attendance to fulfil the role of Chair for that Meeting;
- (b) resolutions considered by the Committee will be determined via a simple majority of votes, with each Member having one vote;
- (c) the Chair will not have a casting vote, with any motion subject to a tied vote lapsing; and
- (d) the Chair will cause minutes of the Meeting to be taken and provided to the Board at the next Board meeting occurring after the Meeting.

### **4.4 Committee Reports**

The Chair will be responsible for, and may delegate as they think fit, the preparation of reports pertaining to resolutions and recommendations of the Committee to be brought to the Board's attention for approval or action.

### **4.5 External Parties**

The Committee may:

- (a) invite the Auditor to attend and contribute to Meetings;
- (b) invite non-Members such as the Company's executives or external advisors to attend and contribute to Meetings; and
- (c) seek advice from any external advisors as the Members consider necessary or desirable to fulfil the Committee's objectives.

## **5 AUTHORITY**

The Committee and any Member may, in fulfilling its purpose and within the scope of its remit:

- (a) conduct or authorise investigations into any matter;

- (b) retain lawyers, accountants or other advisers to assist in the conduct of its investigations or recommendations;
- (c) have unrestricted access to and seek any information it requires from:
  - (i) Company staff; and
  - (ii) the Auditor; and
- (d) ensure the attendance of Company officers, executives or the Auditor at Meetings as it considers appropriate.

## 6 MISCLELANEOUS

### 6.1 Inconsistency with Constitution

To the extent that there is any inconsistency between this Charter and the Company's Constitution, the Constitution will prevail.

### 6.2 Adoption of Charter

The Board adopted this Charter on the date specified below. It takes effect from that date and replaces any previous audit and risk committee charter in this regard.

### 6.3 Review of Charter

The Board will review and amend this Charter periodically and will communicate any amendments as appropriate.

<b>Status</b>	Approved and Issued	
<b>Approved By</b>	Board	
<b>Effective Date</b>	[insert] 2020	
<b>Approval Date</b>	[insert] 2020	
<b>Policy Owner</b>	Company Secretary	
<b>Amendment History</b>		
<b>Version</b>	<b>Date</b>	<b>Author</b>
2020.1	[insert] 2020	Company Secretary