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**Bathurst Resources Limited**  
**CN 4382538**

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**3.4 Audit and Risk Management  
Committee Charter**

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## **Bathurst Resources Limited (the ‘Company’)**

### **Audit & Risk Management Committee Charter**

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#### **Objectives**

1. The objectives of the Audit & Risk Management Committee are to assist the Board in fulfilling its corporate governance and oversight responsibilities in regard to:
  - (a) the reliability and integrity of information for inclusion in the Company’s financial statements;
  - (b) enterprise-wide risk management (other than the risk management issues dealt with by the Board);
  - (c) compliance with legal and regulatory obligations, including audit, accounting, tax and financial reporting obligations;
  - (d) the integrity of the Company’s internal control framework and reporting of any fraud; and
  - (e) safeguarding the independence of the external and internal (if any) auditors.
2. In particular, the Committee is to undertake the functions of the audit committee set out in the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (ASX Principles).
3. It is the responsibility of the Committee, the external auditor, the internal auditor (if any) and Company Management to maintain free and open communication.

#### **Membership**

4. The Committee is appointed by the Board in accordance with Clause 32.3 of the Company Constitution.
5. Where the composition of the Board allows, the Committee is to consist of:
  - (a) only Non-Executive Directors;
  - (b) at least three members;
  - (c) a majority of independent Non-Executive Directors;
  - (d) members who are all financially literate (i.e. are able to read and understand financial statements); and
  - (e) at least one member who is a professionally qualified accountant or has financial expertise (i.e. is a financial professional with financial and accounting experience).

Where the composition of the Board does not allow the Committee to consist of all of the above, the Board is to establish the Committee with those directors who are considered to be the best qualified to serve on the Committee given their background and experience.

6. The Chairman of the Committee is to be an independent Non-Executive Director and is to be appointed by the Board (but is not to be the Chairman of the Board).
7. Directors’ fees must be the sole source of compensation from the Company for all Committee members.

8. The Audit & Risk Management Committee should keep minutes of its meetings and these should ordinarily be included in the papers for the next full Board meeting after each Audit & Risk Management Committee meeting.
9. The Company Secretary will act as secretary of the Committee unless determined otherwise by the Board.
10. The Chief Executive Officer and Chief Financial Officer may attend Meetings in an ex-officio capacity. Other Directors who are not Committee members may attend Meetings.
11. Other relevant Company Management and representatives of the external and internal auditors (if any) are to attend Committee Meetings at the invitation of the Committee Chairman.

## **Meetings**

12. The Committee should meet often enough to undertake its role effectively.
13. A quorum for a Committee Meeting is two members, save that one member of the quorum must be an independent Director.
14. Recommendations of the Committee are to be referred to the Board for approval, with the exception of:
  - (a) approval of the audit plans of the external auditor; and
  - (b) if an internal auditor is appointed, approval of its charter, audit plans, work program and
  - (c) quality control procedures.

## **Access to Information and Independent Advice**

15. The Committee has the right of access to management, rights to seek explanations and additional information and access to internal and external auditors, without management present.
16. The Committee may take such independent legal, financial or other advice as it considers necessary.

## **Duties and Responsibilities**

### **Function**

17. The function of the Committee is oversight. It is recognised that the members of the Committee are not full time employees of the Company and generally do not represent themselves as experts in the fields of accounting, auditing or risk management. It is not the responsibility of the Committee personally to conduct accounting, audit or risk reviews.
18. Committee members are entitled to rely on Company Management on matters within their responsibility and on external professionals on matters within their areas of expertise. Committee members may assume the accuracy of information provided by

such persons, so long as the members are not aware of any reasonable grounds upon which such reliance or assumption may not be appropriate.

19. Management is responsible for:
  - (a) the preparation, presentation and integrity of the Company's financial statements;
  - (b) implementing, managing and maintaining appropriate enterprise-wide accounting, financial reporting and risk management systems, policies and procedures, reporting protocols and internal controls that are designed to ensure compliance with applicable accounting standards, laws and regulations; and
  - (c) the preparation, presentation and integrity of the information provided to the Committee.
20. The external auditor is responsible for planning and carrying out each audit and review in accordance with applicable auditing standards. The external auditor is accountable to shareholders through the Committee.

### **Understanding the Business**

21. The Committee should understand the Company's structure and operations in order to confirm with Company Management:
  - (a) the reliability and integrity of financial information, the integrity of Company's internal control structure and compliance with audit, accounting and financial reporting obligations; and
  - (b) that the significant enterprise-wide risks faced by the Company have been identified and appropriate mitigation plans have been implemented.

### **Enterprise-wide Risk Management**

22. The Committee will, after taking into account the work of the Board, confirm that Company management has established and operates an enterprise-wide risk management system which is designed to identify, assess, monitor and manage risk throughout the Company, in relation to audit, accounting, tax and financial reporting obligations and other company risks as delegated by the board and defined in the board risk appetite.
23. The role and responsibilities of the Committee in relation to enterprise-wide risk management are set out in the Company's Risk Management Policy, which is reviewed and amended by the Board.

### **Review of Financial Information**

24. The Committee will review the draft half yearly and annual financial statements of the Company prior to consideration by the Board, to ensure they represent a true and fair view of the Company's financial position and performance. The Committee should focus on:
  - (a) compliance with ASX Listing Rules, the Companies Act 1993, Financial Reporting Act 1993 and generally accepted accounting standards (including an assessment

- of the appropriateness of Management's selection of accounting policies and disclosures);
- (b) significant or unusual transactions and accounting estimates;
  - (c) significant changes in accounting policies and practices;
  - (d) major judgmental areas;
  - (e) significant audit adjustments; and
  - (f) reviewing management processes supporting external reporting.
25. The Committee will review the Declarations signed by the Chief Executive Officer, Chief Financial Officer.

### **Legal and Regulatory Compliance**

26. Without limiting its scope, the Committee will, in conjunction with the Board and Management, monitor the Company's compliance with:
- (a) all relevant statutory and regulatory obligations, including the ASX's continuous disclosure obligations; and
  - (b) all internal Policies and Procedures (including the Company Code of Conduct).
27. The Committee will consider the effects on the Company of any new or proposed accounting or tax practices, principles or developments, disclosure requirements and legislative or regulatory pronouncements.

### **Evaluation of Policies and Controls**

28. The Committee will consider the adequacy and effectiveness of the Company's administrative, operating and accounting policies through communication with Management, the internal auditor (if any) and the external auditor.
29. The Committee will consider the adequacy and effectiveness of the internal control framework by reviewing reports from Management, the internal auditor (if any) and the external auditor, and monitor Management responses and actions to correct any noted deficiencies.

### **Insurance**

30. Without limiting its scope, the Committee will:
- (a) receive an annual paper from Management in relation to Company's insurance program which details all material facts about the program including: the level of cover; premium; principal terms; and exclusions;
  - (b) review and recommend to the Board any material new insurances, proposed cancellations or variations of existing policies;
  - (c) be advised of any Company or industry developments (including incidents or claims) which may materially affect the Company insurance program; and
  - (d) be advised of each renewal (including details of the principal terms) of material insurances within the Company insurance program.

### **External Auditor**

31. The Committee will:

- (a) recommend to the Board the appointment, reappointment or replacement of the external auditor and the payment of annual fees and variations to approved fees of greater than 10% (noting that an effective, comprehensive and complete audit can be conducted for the agreed compensation);
  - (b) review and approve the audit plans of the external auditor;
  - (c) review the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures;
  - (d) consider the overall effectiveness and independence of the external auditor; and
  - (e) resolve any disagreements between Management and the external auditor regarding financial reporting.
32. The Committee will monitor and note compliance by the external auditor with regard to independence requirements.
33. The Committee will implement a process for the pre-approval of all audit and non-audit services provided by the external auditor (who are not to be appointed to undertake any non-audit assurance services that may impair the external auditor's judgment or independence in respect of the Company).
34. On an annual basis, the Committee will review a report from the external auditor:
- (a) confirming that the audit firm's internal quality control and conflict procedures are in place and operating;
  - (b) describing any material issues raised by the most recent quality control, or peer review, of the audit firm and any steps taken to deal with any such issues; and
  - (c) describing all relationships between the external auditor and Company or Company Management (to assess the auditor's independence).
35. The Committee will agree with Management hiring policies for employees or former employees of the external auditor to comply with the Company Act and to prevent the impairment or perceived impairment of the external auditor's judgment to independence.
36. Prior to the annual approval of the Directors' Report, the Committee will pass a resolution to provide the Board with the written advice required by section 300(11D)(a) of the Corporations Act relating to:
- (a) whether any non-audit services provided during the year by the external auditor are compatible with the general standard of independence of auditor imposed by the Act and in accordance with the Protocols established by the Company and as set out in Annexure 1; and
  - (b) the reasons why the Board should be satisfied that any non-audit services provided during the year by the external auditor did not compromise the auditor independence requirements of the Act.

### **Internal Auditor (if applicable)**

37. The Committee will:
- (a) review and approve the internal auditor's charter, audit plans, work program and quality control procedures;
  - (b) confirm that the internal auditor is independent;
  - (c) confirm that the internal auditor has all necessary access to Management and the right to seek information and explanations;

- (d) maintain a separate reporting line from the internal auditor to the Committee, to permit full and frank exchange of information; and
- (e) consider the overall effectiveness and independence of the internal auditor.

### **Complaint Procedure**

38. In assisting the Board, the Committee is to confirm there are adequate procedures for the receipt, retention and treatment of complaints (including “whistleblowing” complaints under the Whistleblower Policy) received by the Company, including in relation to risk management, legal and regulatory compliance, accounting, internal controls or auditing. This is to include a process for confidential anonymous complaints by employees or other stakeholders.

### **Other**

39. In addition, the Committee will examine any other matters referred to it by the Board.

### **Reporting**

40. The Committee will report on its Meetings to the Board all significant matters relevant to the Committee’s objectives, duties and responsibilities, including:
- (a) assessment of whether external reporting is consistent with Committee members’ information and knowledge and is adequate for shareholders’ needs;
  - (b) assessment of the management processes supporting external reporting;
  - (c) the results of its review of the Company’s system of enterprise-wide risk management and internal control;
  - (d) assessment of the performance and independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
  - (e) assessment of the performance and objectivity of the internal auditor; and
  - (f) a summary of complaints reported on by Management during the period.

### **Committee Performance**

41. To determine whether it is functioning effectively, once each year the Committee shall:
- (a) review this Charter; and
  - (b) perform an evaluation of its performance.

Adopted: October 2017 \_\_\_\_\_

Last reviewed: September 2017 \_\_\_\_\_

Annexure 1

## **Bathurst Resources (New Zealand) Limited (the ‘Company’)**

### **Audit & Risk Management Committee Charter – Protocols on Non Audit Services by Independent External Auditors**

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#### **Overview**

1. The Audit & Risk Management Committee is responsible for reviewing and recommending to the Board the appointment, terms of engagement, remuneration and removal of the external auditor. The Audit & Risk Management Committee is also responsible for monitoring and evaluating the independence of the external auditor on a regular basis which includes:
  - the development and oversight of the Group’s policy on the engagement of the external auditor to supply non-audit services; and
  - ensuring compliance with this policy.

#### **Purpose**

2. The purpose of this policy is to establish guidelines so that the Group complies with applicable laws, accounting standards, the Audit & Risk Management Committee Charter and best practice with regard to the independence of external auditors.

#### **Non Audit Services**

3. As a general rule, the Chief Financial Officer may engage the external auditor to provide non-audit services where: -
  - It is not a *Prohibited Non-Audit Service*;
  - It is most efficient to provide the service because of their existing knowledge of the business;
  - The information required is a by-product of the audit process;
  - The fee for the particular engagement does not exceed \$100,000; and
  - The annual fees for all non-audit services do not or is not likely to exceed 50% of the auditor’s annual audit fees (inclusive of tax assurance services).

In addition to the taxation assurance services already provided by the auditors, the Audit & Risk Management Committee specifically encourages the allocation of assignments in the taxation area to a range of firms, to ensure that the Company has an appropriate choice of service providers who are not only competent in their area but also have an understanding of the Group’s businesses.

The Committee may therefore determine that it is more appropriate for certain assignments to be undertaken by firms other than the external auditor notwithstanding the fact that the assignment does not involve the provision of prohibited non-audit services.

Any Non-Audit Services outside the rules described above can be approved with prior written approval of the Chair of the Audit & Risk Management Committee.



*Prohibited Non-Audit Services* are any services that, if provided by the external auditor to the Group, would create a real or perceived threat to the independence of the external auditor. More particularly, unless the Audit & Risk Management Committee decides otherwise, the external auditor is prohibited from: -

- providing appraisal or valuation and fairness opinions;
- performing internal audit services;
- performing executive recruitment or extensive human resources functions;
- acting as a broker-dealer, promoter or underwriter;
- providing legal services;
- seconding senior staff to act in a management capacity; or
- performing book-keeping or services relating to accounting records which form the source of the financial report.

Furthermore, the external auditor cannot be engaged to undertake any non-audit services for the Group that results in the external auditor:

- creating a mutual or conflicting interest within the Group
- auditing their own work;
- acting in a management capacity or as an employee of the Group; or
- acting as an advocate for the Group.

## **Monitoring and Reporting**

### *Management and Auditor*

4. Management and the auditor will provide reports to the Committee regarding: -
  - any non-audit services that have been provided by the auditor during the relevant period; and
  - the amounts paid to the Auditor for those services, together with comparative information for prior years.

For each of the non-audit services reported on, the report must identify whether the service is one that: -

- is normally performed by external auditors;
- is commercially sensible for the external auditors to perform; or
- could be performed by any suitably qualified firm.

### *External Auditor*

5. The external auditor will provide the Audit & Risk Management Committee with annual and half year certifications of their continued independence in accordance with the requirements of the Companies Act, and, in particular, confirming that they have not carried out any engagements during the year that would impair their professional independence as auditor.

### *Committee*

6. The Company Secretary will monitor whether this policy is being complied with and periodically report to the Committee as to compliance. The Company Secretary must

promptly report any breach of this policy to the Chair of the Audit & Risk Management Committee.

### *Reporting*

7. Statements will be included in the Group's Annual Report with respect to each of the following: -
  - the fees paid to the external auditor for the non-audit services undertaken during the relevant financial year;
  - whether the Committee is satisfied that the provision of the non-audit services was compatible with the external auditor's independence; and
  - whether the Board is satisfied that the provision of the non-audit services was compatible with the general standard of independence as imposed under the Companies Act 1993 and their reasons for this.