

# AUDIT AND RISK COMMITTEE CHARTER

## 1 OBJECTIVE

The Board of BCI Minerals Limited (the **Company**) has approved this Charter which sets out the composition, role and responsibilities of the Audit and Risk Committee

## 2 SCOPE

All Company offices, operations and sites.

## 3 RESPONSIBILITY

The Chair of the Audit and Risk Committee has responsibility for implementation of this Charter.

## 4 CONTENT

### 4.1 Role of the Audit and Risk Committee

The Board will strive to adhere to the following composition requirements for the Committee where at all possible. However, the Board acknowledges that the composition of the Board may not allow adherence to the following composition requirements from time to time.

The Committee is to include at least three members, all of whom are non-executive directors and a majority of which are independent. The Chair of the Committee is to be independent and not the Chair of the Board.

At least one member is to have relevant financial and/or risk qualifications and experience.

From time to time, non-Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

### 4.2 Role of Audit and Risk Committee

The role of the Audit and Risk Committee is to:

- (a) monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments;
- (b) review the Company's internal financial control system and risk management systems;
- (c) monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- (d) monitor and review compliance with the Company's Code of Conduct and Whistle-blower Policy;
- (e) perform such other functions as assigned by law, the Company's Constitution, or the Board;
- (f) monitor compliance with the Corporations Act, ASX Listing Rules and Corporate Governance Principles;
- (g) ensure the Company develops and establishes a policy for risk oversight and management ("Risk Management Policy"); and
- (h) monitor compliance with the Company's Risk Management Policy.

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## 4.3 Meetings

The Committee meets at least quarterly, with further meetings on an as required basis.

Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken or recommended to be given are to be tabled at each subsequent meeting of the full Board. Committee meetings will be governed by the same rules, as set out in the Company's Constitution as they apply to the meetings of the Board.

## 4.4 Reporting to the Board and Shareholders

The Committee is to report to the Board half yearly on the following matters:

- (a) assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- (b) assessment of the management processes supporting external reporting;
- (c) recommendations for amending the Company's Procedures for the Selection and Appointment of the External Auditor and procedures for the rotation of external audit engagement partners;
- (d) recommendations for the appointment or, if necessary, the removal of the external auditor;
- (e) assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report should state whether the Audit Committee is satisfied that provision of those services has not compromised the auditor's independence;
- (f) the results of the Committee's review of risk management and internal control systems; and
- (g) recommendations for amending the Company's Risk Management Policy.

The Chair of the Audit and Risk Committee, if appointed, is to be present at the annual general meeting to answer questions, through the Chair of the Board.

## 4.5 Responsibilities

Annual responsibilities of the Committee are as set out in the Audit Committee Charter – Annual Action Points (attached)

## 4.6 Authority and Resources

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

The Committee has rights of access to management when required to undertake its duties. Further, the Committee has the authority to seek explanations and additional information from the Company's external auditors and other advisers, without management present, when required.

The Committee has the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

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## 4.7 Charter

The Audit and Risk Committee must obtain approval from the Board for any recommended changes to the Audit and Risk Committee and/or this Charter. The Board will, at least on an annual basis, review this Charter to ensure it remains consistent with the Company's objectives and the Board's responsibilities.

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## ANNUAL ACTION POINTS

The Audit and Risk Committee will monitor its obligations under the Audit and Risk Committee Charter by addressing the following action points at the designated quarterly meetings and documenting relevant information in Committee Minutes for presentation to the Board.

Quarterly meetings are meetings held in the financial year quarters as follows:

- Q1 = July-September;
- Q2 = October-December;
- Q3 = January-March; and
- Q4 = April-June.

Item	Financial reporting and internal controls	Q1	Q2	Q3	Q4
1.1	Review half yearly, annual and if applicable quarterly financial statements.	✓	✓	✓	✓
1.2	Assess management's selection of accounting policies and principles.	✓			
1.3	Consider the external audit of the financial statements and the external auditor's report thereon including an assessment of whether external reporting is consistent with Committee members' information and knowledge.	✓		✓	
1.4	Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised).	✓		✓	
1.5	Assess if the external auditor's report is adequate for Shareholder needs.	✓		✓	
Item	Annual and half yearly meeting with External Auditor	Q1	Q2	Q3	Q4
2.1	Discuss the Company's choice of accounting policies and methods, and any recommended changes.	✓		✓	
2.2	Discuss the adequacy and effectiveness of the Company's internal controls.	✓		✓	
2.3	Discuss any significant findings and recommendations of the external auditor and management's response thereto.	✓		✓	
2.4	Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information.	✓		✓	
Item	External Auditor	Q1	Q2	Q3	Q4
3.1	Review the Company's <i>Procedure for the Selection, Appointment and Rotation of External Auditor</i> .				✓

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3.2	Recommend to the Board to appoint and, if necessary, remove the external auditor and approve the terms on which the external auditor is engaged.		✓		
3.3	Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services.		✓		
3.4	Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees.	✓		✓	
3.5	Assess the overall performance of the external auditor.		✓		
3.6	Ensure that the external auditor is requested to attend the annual general meeting of the Company and is available to answer questions from Shareholders.	✓			
<b>Item</b>	<b>Risk and corporate governance</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
4.1	Ensure that the Company has policies and processes in place to identify and manage financial, operating and other risks, including corporate governance policies and review these policies and procedures.			✓	
4.2	Review the Company's effectiveness in identifying and managing financial, operating and other risks, and the Company's corporate governance.				✓
4.3	Update the Board regarding the Company's policies for and effectiveness of risk management and corporate governance.	✓		✓	
4.4	Review management's assessment of risks facing the company and ensure the Board receives the updated assessment approved by the Committee		✓		✓
<b>Item</b>	<b>Internal communications and reporting</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
5.1	Provide the report described in clause 4.4 of this Audit and Risk Committee Charter.	✓		✓	
5.2	Regularly update the Board about Committee activities and make appropriate recommendations.	✓	✓	✓	✓
5.3	Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.	✓	✓	✓	✓
<b>Item</b>	<b>Other</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
6.1	Verify the composition of the Audit and Risk Committee function is in accordance with the Audit and Risk Committee Charter.	✓		✓	
6.2	Review the independence of each Committee member based on the Company's <i>Policy on Assessing the Independence of Directors</i> .	✓	✓	✓	✓

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6.3	Review and update the Audit and Risk Committee Charter and Action Points.				✓
6.4	Develop (annually) and oversee (quarterly) procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters, effectiveness of <i>Whistle-blower Policy</i> and breaches of the Company's <i>Code of Conduct</i> and report any observed non-compliance to the Board.	✓	✓	✓	✓

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## 5 REFERENCES

- Board Charter BCI-LEG-CH-001-0
- Risk Management Policy BCI-LEG-POL-004-0

## 6 DOCUMENT CONTROL

Version	Date	Description	Author	Approver
0	February 2019	Audit and Risk Committee Charter	S. Majteles	Board