

# AUDIT AND RISK COMMITTEE CHARTER

## 1. ROLE

This Charter defines the Audit and Risk Committee's (**Committee**) function, composition, mode of operation, authority and responsibilities.

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting, compliance and corporate risks, and make recommendations to the Board, which is BCI Minerals Limited's (**the Company**) final decision making entity.

## 2. COMPOSITION

The Board will strive to adhere to the following composition requirements for the Committee where practical.

- a. The Committee must preferably comprise of at least three members, of which at least two members of the Committee must be non-executive Directors.
- b. A majority of the members of the Committee must preferably be independent non-executive Directors.
- c. The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.
- d. The Chairman of the Committee must preferably not be the Chairman of the Board and must be independent.
- e. All members of the Committee must be able to read and understand financial statements.
- f. The external auditors, the other Directors, the Managing Director, Chief Financial Officer, Company Secretary and senior executives, may be invited to Committee meetings at the discretion of the Committee.

## 3. PURPOSE

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- a. The quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- b. Compliance with all applicable laws, regulations and Company policy;
- c. The effectiveness and adequacy of internal control processes;
- d. The independence and performance of the Company's external auditors and their appointment and removal;
- e. The identification and management of business, economic, environmental and social sustainability risks; and
- f. The review of the Company's risk policy and key corporate risks at least annually.

A secondary function of the Committee is to perform such special reviews or investigations as the Board may consider necessary.

## **4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

### **4.1 Review of Financial Reports**

- a. Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- b. Oversee the financial reports and the results of the external audits of those reports.
- c. Assess whether external financial reporting is adequate for shareholder needs.
- d. Assess management processes supporting external financial reporting.
- e. Review the impact of any proposed changes in accounting policies on the financial statements.
- f. Review the half yearly and annual financial reports.
- g. Review procedures for verifying the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, to satisfy the Board that each periodic report gives a true and fair view of the financial position of the Company.
- h. Ensure that, before the Board approves the Company's financial statements for a financial period, the Managing Director and Chief Financial Officer have declared that, in their opinion, the financial records of the Company 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 Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### **4.2 Relationship with External Auditors**

- a. Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.
- b. Review performance, succession plans and rotation of lead engagement partner.
- c. Approve the external audit plan and fees proposed for audit work to be performed.
- d. Discuss any necessary recommendations to the Board for the approval of half yearly or annual financial reports.
- e. Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- f. Meet with the external auditors at least twice in each financial year and at any other time the Committee considers appropriate.
- g. Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
- h. Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.
- i. Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.

- j. Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act 2001 (Cth).
- k. Ensure that the external auditor attends the Company's Annual General Meeting and is available to answer questions from shareholders relevant to the audit.

### **4.3 Internal Audit Function**

- a. Monitor and periodically review the need for a formal internal audit function and its scope.
- b. Assess the performance and objectivity of any internal audit procedures that may be in place.
- c. Monitor the quality of the accounting function.
- d. Review the internal controls of the Company via consideration of any comments from the Company's internal and/or external auditors and/or commissioning an independent report on the Company's internal controls.

### **4.4 Risk Management**

- a. Oversee the Company's risk management policy and supporting procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
- b. Assess whether the Company has any potential or apparent exposure to environmental, social health, safety, reputational and other risks and if it does, put in place management systems, practices and procedures to manage those risks.
- c. Assess whether the Company is required to publish an integrated report or a sustainability and climate change report in accordance with a recognised international standard.
- d. Review the Company's risk management framework at least annually to satisfy itself that the framework:
  - i. continues to be sound;
  - ii. ensures that the Company is operating with due regard to the risk appetite set by the Board; and
  - iii. deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, global or regional emergencies and pandemics, sustainability and climate change.
- e. Review reports by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

### **4.5 Other**

- a. As contemplated by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th Edition, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the "Corporate code of conduct". Any such waiver or deviation will be promptly disclosed where required by applicable law.
- b. Monitor related party transactions.

## 5. MEETINGS

- a. The Committee will meet at least twice in each financial year and additionally as circumstances may require for it to undertake its role effectively.
- b. Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.
- c. Meetings can occur in person or via conference calls or other communication technology.
- d. Where deemed appropriate by the Chairman, decisions by the Committee can be recorded by way of a circular written resolution without convening a meeting.
- e. A quorum shall consist of two members of the Committee. In the absence of the Chairman of the Committee or appointed delegate, the members shall elect one of their members as Chairman of that meeting.
- f. Decisions will be based on a majority of votes with the Chairman having a casting vote.

## 6. SECRETARY

- a. The Company Secretary or an alternate nominee of the Board shall be the secretary of the Committee (**Secretary**) and shall attend meetings of the Committee as required.
- b. The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.
- c. The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.
- d. Minutes of Committee meetings will be included in the papers for the next full Board meeting after each Committee meeting.

## 7. RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- a. An employee of the Company and its subsidiaries (if any) (Group) whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- b. A professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- c. Another Director or officer of the Company or its subsidiaries (if any) in relation to matters within the Director's or officer's authority.

## 8. ACCESS TO ADVICE

- a. Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- b. Members of the Committee may meet with the auditors, both internal and external, without management being present.

- c. Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chairman of the Committee. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

**9. REVIEW OF CHARTER**

- a. The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner and will update this charter as required or as a result of new laws or regulations.
- b. This Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company’s website.

**10. REPORT TO THE BOARD**

- a. The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee’s role and responsibilities.
- b. The Committee must brief the Board promptly on all urgent and significant matters.

**DOCUMENT CONTROL**

Version	Date	Description	Author	Approver
0	30 October 2017	ARC Charter	R. Ventouras	Board
A	20 February 2019	ARC Charter	S. Majteles	Board
B	25 June 2020	ARC Charter	A. Vorster	Board