

# Audit and Risk Committee Charter

## Vimy Resources Limited ("Company")

### 1. Composition

The Audit and Risk Committee shall comprise the Non-Executive Directors of the Board. The Board will use the processes below in relation to its consideration and review of audit and risk matters.

All members of the Audit and Risk Committee must be financially literate (that is, be able to read and understand financial statements); at least one member must have relevant qualifications and experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters); some members should have experience with risk management frameworks and internal control systems; and some members should have an understanding of the industry in which the Company operates.

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

### 2. Role

The role of the Audit and Risk Committee is to review and make recommendations to the Board in relation to:

- (a) the adequacy of the Company's corporate reporting processes;
- (b) review of the Company's actual performance against the Board approved annual budget;
- (c) whether the Company's financial statements reflect the understanding of the Audit and Risk Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;
- (d) whether the Company's financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001;
- (e) the appropriateness of the accounting judgments or choices exercised by management in preparing the Company's financial statements;
- (f) the appointment or removal of the external auditor, the rotation of the audit engagement partner, the scope and adequacy of the external audit, the independence and performance of the external auditor and any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;
- (g) the Company's internal financial control system and review the Company's risk management framework;

- (h) the adequacy of the Company's processes to identify, analyse, evaluate, treat, monitor and review risk;
- (i) any incident involving fraud or other break down of the Company's internal controls;
- (j) the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business;
- (k) compliance with the Company's *Code of Conduct*;
- (l) if the Company has an internal audit function:
  - (i) the appointment or removal of the head of internal audit;
  - (ii) the scope and adequacy of the internal audit work plan; and
  - (iii) the objectivity and performance of the internal audit function; and
- (m) perform such other functions as assigned by law, the Company's Constitution or the Board.

Ultimate responsibility for a Company's financial statements and risk management framework rests with the full Board.

### **3. Operations**

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

Minutes of all meetings of the Audit and Risk Committee are to be kept. The minutes must be tabled at each subsequent meeting of the full Board, and a report of actions taken by the Audit and Risk Committee also given by the Chairman of the Audit and Risk Committee at each subsequent meeting of the full Board. Audit and Risk 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. Responsibilities**

Annual responsibilities of the Audit and Risk Committee are as set out in the Audit and Risk Committee Charter – annual action points (attached).

### **5. Authority and Resources**

The Company is to provide the Audit and Risk 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 and Risk Committee.

The Audit and Risk Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.

The Audit and Risk Committee has the power to conduct or authorise investigations into any matters within the Audit and Risk Committee's scope of responsibilities. The Audit and Risk

Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

## **6. Reporting to the Board and Shareholders**

The Audit and Risk Committee is to report to the Board, at least quarterly, on the following matters:

- (a) assessment of whether external reporting is consistent with Audit and Risk 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;
- (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 and Risk Committee is satisfied that provision of those services has not compromised the auditor's independence;
- (f) assessment of the performance and objectivity of the internal audit function (if any);
- (g) the results of the Audit and Risk Committee's review of the Company's risk management framework and internal control systems;
- (h) the results of the Audit and Risk Committee's review of this Audit and Risk Committee Charter; and
- (i) comment on the Audit and Risk Committee's operation and composition.

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

## Audit and Risk Committee Charter – Annual Action Points

### Financial Reporting and Internal Controls

- Review half-year, annual and, if applicable, quarterly financial statements
- Review compliance with relevant statutory and regulatory requirements
- Assess management's selection of accounting policies and principles
- 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 Audit and Risk Committee members' information and knowledge
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks and other business risks
- Assess if the external auditors report is adequate for shareholder needs

### Annual meeting with External Auditor

- Discuss the Company's choice of accounting policies and methods, and any recommended changes
- Discuss the adequacy and effectiveness of the Company's internal controls
- Discuss any significant findings and recommendations of the external auditor and management's response to those findings and recommendations
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information

### External Auditor

- Review the Company's *Procedure for the Selection, Appointment and Rotation of External Auditor*
- Recommend to the Board to appoint and, if necessary, remove the external auditor and approve the terms on which the external auditor is engaged
- Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees
- Assess the overall performance of the external auditor
- Ensure external auditor is given notice of all general meetings and is requested to attend AGM

### Risk Management

- Evaluate the adequacy and effectiveness of the Company's risk management framework
- Identify material changes to the Company's risk profile and risk appetite
- Formulate an action plan to address areas of perceived risk and monitor implementation programs
- Review and make recommendations on the strategic direction, objectives and effectiveness of the Company's risk management policies
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage risks

### Internal Communications and Reporting

- Provide the report described in clause 6 of this Audit and Risk Committee Charter
- Regularly update the Board about Audit and Risk Committee activities and make appropriate recommendations
- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business

### Other

- Verify the composition of the Audit and Risk Committee function is in accordance with the Audit and Risk Committee Charter
- Review the independence of each Audit and Risk Committee member based on the Company's *Policy on Assessing the Independence of Directors*
- Review the Audit and Risk Committee Charter and Action Points at least annually, and update as required
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters and breaches of the Company's Code of Conduct
- Consider continuous disclosure requirements with regard to corporate reporting, including where the Company's actual performance is significantly different to the Board approved annual budget