

Charter

# Audit and Risk Committee Charter

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Tulla Resources Plc  
ARBN 122 088 073

# Committee Charter

## 1 Membership of the Committee

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The Audit and Risk Committee (**Committee**) must consist of:

- only non-executive directors;
- a majority of independent directors;
- an independent director as chair, who is not chair of the Board; and
- a minimum of three members of the Board.

The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

All non-executive directors have a standing invitation to attend Committee meetings and have access to Committee papers, subject to conflicts. Other non-committee members, including members of management and the external auditor may attend meetings of the Committee at the invitation of the Committee chair.

It is intended that all members of the Committee should be financially literate and have familiarity with financial management and the members between them must have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee's mandate effectively.

## 2 Role and responsibilities

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### 2.1 Overview

The Committee's key responsibilities and functions are to oversee the Company's:

- (a) financial and other periodic corporate reporting;
- (b) relationship with the external auditor and the external audit function generally;
- (c) processes for identifying and managing financial and non-financial risk;
- (d) internal controls and systems; and
- (e) processes for monitoring compliance with laws and regulations.

### 2.2 Financial and other periodic corporate reporting

The responsibilities of the Committee in relation to financial reporting are as follows:

- (a) Review the Company's financial statements for accuracy, for adherence to accounting standards and policies, and to ensure they reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company, as a basis for recommendation to and adoption by the Board.
- (b) Review and make recommendations to the Board in relation to the appropriateness of the accounting policies, judgements and choices adopted by

management in preparing the Company's financial reports, including significant changes in the selection or application of accounting principles.

- (c) Review drafts of the CEO and CFO declarations which are to be provided to the Board relating to the Company's full year and half year financial statements.
- (d) Review the Company's corporate and financial reporting and disclosure processes and make recommendations to the Board in relation to the adequacy of those processes. This includes reviewing the process to verify the integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by the external auditor.
- (e) Review any proposed payment of a dividend to shareholders.

### 2.3 External audit

The responsibilities of the Committee in relation to the external audit are as follows:

- (a) Review and make recommendations to the Board in relation to the scope and adequacy of the external audit.
- (b) Review the effectiveness of the annual audit, placing emphasis on areas where the Committee or the external auditors believe special attention is necessary.
- (c) Review the external auditor's report regarding significant findings in the conduct of its audit and the adequacy of management's response, and monitor whether any issues are being managed and rectified in an appropriate and timely manner.
- (d) Separately from management, discuss with the external auditor matters relating to the conduct of the audit, including the timeliness of its reporting, any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, significant disagreements with management (if any) and adequacy of management's response.
- (e) Review the performance, independence and objectivity of the external auditor at least annually.
- (f) Review annually and recommend to the Board, the external auditor's terms of engagement (including the audit plan) and other contractual terms, fees and other compensation to be paid to the external auditor and ensure that any key risk areas for the Company and financial requirements are incorporated into the audit plan.
- (g) Review the procedures for selection and appointment of the external auditor and for the rotation of external audit engagement partners.
- (h) Recommend to the Board the selection and removal of the external auditor, subject to any shareholder approval.
- (i) Develop and oversee the implementation of, and compliance with, the Company's policy on the engagement of the external auditor to supply non audit services.
- (j) Provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the *Corporations Act 2001* (Cth) to be included in the Company's Annual Report.
- (k) Oversee the coordination of the external audit.

## 2.4 Internal audit

Where an internal audit function exists, the responsibilities of the Committee are as follows:

- (a) review the scope and adequacy of any applicable internal audit program, and approve the internal audit program annually;
- (b) review the outcomes of the internal audit program;
- (c) evaluate management's responsiveness to any applicable internal auditor's finding and recommendations;
- (d) review the performance and objectivity of the internal audit function, including whether the internal auditor function is adequately resourced;
- (e) monitor the independence of any applicable internal audit programs from the external auditor and management; and
- (f) review and approve the appointment and dismissal of the head of the internal audit function.

## 2.5 Risk management

The Committee's primary roles with respect to risk management are as follows:

- (a) Oversee and advise the Board on high-level risk related matters, including risk tolerance in determining strategy, as well as management of key financial and non-financial risks, including new and emerging risks.
- (b) Review and make recommendations to the Board in relation to the risk appetite within which the Board expects management to operate, and whether any changes should be made.
- (c) Review the Company's risk management framework at least annually and make a recommendation to the Board about whether it continues to be sound and whether the Company is operating with due regard to the risk appetite set by the Board;
- (d) Oversee management's implementation of the risk management framework, including that management has appropriate processes for identifying, assessing and responding to risks and that those processes are operating effectively.
- (e) Review the trends in the Company's risk profile and report to the Board on key risks.
- (f) Review and make recommendations to the Board in relation to the risk disclosures in the Company's periodic reporting documents, including the operating and financial review in its Annual Report.
- (g) Consider whether the Company has any material exposure to environmental or social risks, and how it manages any risks identified.
- (h) Evaluating the structure and adequacy of the Group's business continuity plans.

## 2.6 Internal control

The Committee's primary roles with respect to internal control are as follows:

- (a) Monitor whether management is communicating the importance of internal control and management of risk throughout the organisation and therefore setting up an appropriate 'control culture'.

- (b) Review the adequacy and effectiveness of the Company's internal control framework.
- (c) Review any material incident involving fraud, or a break-down of the Company's internal controls and the "lessons learned".
- (d) At least annually, evaluate and make recommendations to the Board in relation to the structure and adequacy of the Company's insurance program having regard to the Company's business and the insurable risks associated with its business.

## 2.7 Compliance

The responsibilities of the Committee in relation to compliance are as follows:

- (a) Review the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company).
- (b) Consider with management (and, if required the internal and/or external auditor):
  - (1) the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs; and
  - (2) the Company's main corporate governance policies and practices, and compliance with those policies.
- (c) Review the Company's Code of Conduct, and ensure arrangements are in place for dissemination to all employees, including communicating the importance of the Code of Conduct.
- (d) Review the Company's Speak Up Policy and procedures and recommend to the Board any necessary changes.
- (e) Review the Company's Anti-Bribery and Corruption Policy and recommend to the Board any necessary changes.

## 3 Rights of access and authority

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The Committee has unrestricted access to information it considers relevant to its responsibilities. The Committee has rights of access to management and to auditors (external and internal) without management present, and rights to seek explanations and additional information from both management and auditors.

## 4 Review of Charter

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The Board will, at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

## 5 Administrative matters and procedures

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The proceedings of the Committee will be conducted in accordance with provisions set out in Attachment 1.

# Attachment 1

## Administrative matters and procedures

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### **Meetings**

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet quarterly

### **Quorum**

The quorum is at least two members.

### **Secretary**

The Company Secretary, or his or her delegate, must attend all Committee meetings as minute secretary.

### **Convening and notice of meeting**

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee, of every meeting of the Committee. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

### **Independent advice**

The Committee may seek the advice of the Company's auditors, solicitors or such other independent advisers, consultants or specialists as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

### **Minutes**

Minutes of meetings of the Committee must be kept by the Company Secretary. All minutes of the Committee must be entered into a minute book maintained for that purpose and be open at all times for inspection by any director.

### **Reporting**

The Committee chair will provide a brief oral report to the Board as to any material matters arising out of Committee meetings. All directors may, within the Board meeting, request information of members of the Committee.

A copy of the minutes of the Committee meeting will also be provided to the Board with the Board papers.

The Committee will also consider if any material matters arising out of the Committee meeting should be advised to any other Committee and, if so, ensure that this occurs.

### External Audit Policy

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#### **Appointment**

The Audit and Risk Committee (**Committee**) has the responsibility and authority (subject to *Corporations Act 2001* (Cth) requirements) for the appointment, reappointment or replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence. The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

#### **Assessment of External Auditor**

The Committee will review the performance of the external auditor on an annual basis after completion of the year-end audit. In evaluating the effectiveness of external audit, the Committee will assess the effectiveness of the external auditor based on a number of criteria including but not restricted to:

- the overall comprehensiveness of the external audit plan;
- the timeliness and quality of communications promised under the plan and delivered during the audit;
- the competency and industry knowledge of external audit staff; and
- the adequacy of resources to achieve the scope as outlined in the plan.

The Committee will seek feedback from management during the assessment process.

#### **Independence**

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The review and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the directors approve the half-year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and to ensure compliance with that policy.



### **Rotation of External Audit Engagement Partner**

The external audit engagement partner is generally required to rotate at least once every 5 years. If appropriate, the Board may, following a recommendation from the Committee, extend the eligibility term of the audit engagement partner in accordance with the Corporations Act.