

# **Audit and Risk Committee Charter**

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NickelSearch Limited (ACN 110 599 650)

# Audit and Risk Committee Charter

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## 1 Role

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The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. This Charter defines the Audit and Risk Committee's function, composition, mode of operation, authority and responsibilities.

## 2 Composition

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- (a) The Committee must comprise at least three members.
- (b) All members of the Committee must be non-executive Directors.
- (c) A majority of the members of the Committee must be independent non-executive Directors in accordance with the criteria set out in Attachment 1.
- (d) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.
- (e) All members of the Committee must be able to read and understand financial statements.
- (f) The Chairman of the Committee may not be the Chairman of the Board of Directors and must be independent in accordance with the criteria set out in Attachment 1.
- (g) The Chairman shall have leadership experience and a strong finance, accounting or business background.
- (h) 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

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- (a) The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:
  - (i) the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
  - (ii) compliance with all applicable laws, regulations and company policy;
  - (iii) the effectiveness and adequacy of internal control processes;
  - (iv) the performance of the Company's external auditors and their appointment and removal;
  - (v) the independence of the external auditor and the rotation of the lead engagement partner; and

- (vi) the identification and management of business risks.
- (b) 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**

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### **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 reporting is adequate for shareholder needs.
- (d) Assess management processes supporting external reporting.
- (e) Establish procedures for treatment of accounting complaints.
- (f) Review the impact of any proposed changes in accounting policies on the financial statements.
- (g) Review the quarterly, half yearly and annual results.

### **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 quarterly, half yearly or annual 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 period without management being present 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.

#### **4.3 Internal audit function**

- (a) Monitor 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) Review risk management and internal compliance procedures.
- (d) Monitor the quality of the accounting function.
- (e) Review the Internal Control Reports on a quarterly basis.

#### **4.4 Risk Management**

- (a) Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
- (b) Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

#### **4.5 Other**

- (a) The Committee will oversee the Company's environmental risk management and occupational health and safety processes.
- (b) The Committee will oversee procedures for whistleblower protection.
- (c) To assist the Board in its review and consideration of the Company's financial statements for a financial period, the Committee will declare to the Board whether, in their opinion:
  - (i) the Company's financial records have been properly maintained; and
  - (ii) the financial statements comply with the appropriate accounting standards and give a true and fair view of the Company's financial position and performance,

and, in doing so, will confirm if their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

- (d) As contemplated by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 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.
- (e) Monitor related party transactions.

#### **4.6 Meetings**

- (a) The Committee will meet at least each financial quarter 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) Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- (d) A quorum shall consist of two members of the Committee. In the absence of the Chairman of the Committee or their nominees, the members shall elect one of their members as Chairman of that meeting.
- (e) Decisions will be based on a majority of votes with the Chairman having a casting vote.
- (f) The Committee Chairman, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.
- (g) Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

#### **4.7 Secretary**

- (a) The Company Secretary or their nominee shall be the Secretary of the Committee 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.

#### **4.8 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 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 Group in relation to matters within the Director's or officer's authority.

### **5 Access to Advice**

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- (a) A member of the Committee who is also a director of the Company, has rights of access to management and to the books and records of the Company to enable them to discharge their duties as a Committee member in accordance with any Deed of Indemnity, Insurance of Access entered into with the Company. Otherwise, members of the Committee have rights to 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 and approval of external fees, which cannot unreasonably be withheld. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## **6 Review of Charter**

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- (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 the Charter as required or as a result of new laws or regulations.
- (b) The 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.

## **7 Report to the Board**

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- (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.

## Schedule 1 – Definitions

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General terms and abbreviations used in this Plan have the meanings set out below.

- (a) **Board** means the board of Directors of the Company.
- (b) **Director** means a director of the Company.
- (c) **Chairman** means the chairman of the Board.
- (d) **Chief Financial Officer** means the chief financial officer of the Company.
- (e) **Chief Operating Officer** means the chief operating officer of the Company.
- (f) **Company** or **Group** means NickelSearch Limited (ACN 110 599 650) and its subsidiaries.
- (g) **Company Secretary** means the company secretary of the Company.
- (h) **Officer** has the meaning given to that term in the Corporations Act.

## Attachment 1 – Definition of independence

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ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

An independent Director is a non-executive Director (i.e. is not a member of management) and:

- holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.