

# Audit & Risk Management Committee Charter

## Stanmore Resources Limited

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### 1. PURPOSE

- (a) The role of the Audit & Risk Management Committee (**Committee**) is to assist the board of Stanmore Resources Limited (**Board**) in carrying out its role overseeing the audit and financial reporting, risk management and assurance practices of the Group<sup>1</sup>.
- (b) This Audit & Risk Management Committee Charter (**Charter**) sets out the role, responsibilities, composition, structure, and membership requirements of the Committee and the procedures for inviting non-committee members to attend meetings.

### 2. COMMITTEE MEMBERS

- (a) The Committee is to consist of the following:
  - (i) only non-executive Directors, the majority of whom are independent Directors;
  - (ii) an independent Director as Chairperson, who is not Chairperson of the Board; and
  - (iii) a minimum of three members.
- (b) Each member of the Committee is to be financially literate and at least one member of the Committee is to have relevant qualifications and/or experience in accounting or related financial management matters, and at least one member of the Committee (who may be another member) must have technical knowledge and an understanding of the industry in which the Company operates, such that the Committee as a whole is able to discharge its mandate effectively.
- (c) The current membership of the Committee, including their qualifications and experience, will be disclosed in the Annual Report or on the Company's website.
- (d) Representatives of the external auditors and the internal audit function provider (refer to section 3 below) may be invited to form part of the Committee from time to time.

### 3. AUDIT FUNCTION

- (a) The Company's audit function is currently performed by external advisers who are able to apply detailed audit processes and procedures across the Company's business.
- (b) The external auditors prepare and present a report to the Committee each half and full financial reporting period which covers matters including:
  - (i) the processes and procedures adopted by the external auditors in performing the audit; and
  - (ii) the conduct of management generally, including compliance with the relevant processes and procedures, throughout the reporting period.

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<sup>1</sup> In this document, unless otherwise stated, references to "Group" and "Company" means a reference to Stanmore Resources Limited and its controlled entities as a whole.

- (c) The Company also has an internal audit function, currently outsourced to a professional services firm.

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

- (a) The Committee is a committee of the Board.

##### **External audit**

- (b) The Committee is responsible for overseeing the external auditor's role in the Company's corporate reporting process by:
  - (i) reviewing the scope and results of external audits;
  - (ii) maintaining open lines of communication between the Board, management and the external auditors, enabling information and points of view to be freely exchanged;
  - (iii) considering and making recommendations to the Board on the appointment and removal of the external auditor and the rotation of the audit partner;
  - (iv) approving and ensuring the adequacy of the remuneration and terms of engagement of the external auditor, including the scope of work;
  - (v) meeting with the external auditor (either on its own initiative, or if requested by the external auditor) with or without management present as often as is considered necessary including to discuss, to the extent the Committee considers relevant, any major issues, problems and reservations arising from the audit reviews, any accounting and audit judgements, levels of error identified and the effectiveness of the audit;
  - (vi) monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements, including those relating to the rotation of the audit engagement partner; and
  - (vii) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm and the potential to compromise independence.

##### **Internal audit**

- (c) The Committee will oversee the effectiveness, independence and objectivity of the internal audit function and is responsible for:
  - (i) reviewing and making recommendations to the Board in respect of the appointment or removal of the internal audit function provider;
  - (ii) reviewing and evaluating the scope and adequacy of the internal audit work plan;
  - (iii) reviewing the scope and results of internal audits;
  - (iv) reviewing the independence, objectivity and performance of the internal audit function;
  - (v) ensuring the head of the internal audit function is suitably qualified; and
  - (vi) overseeing the co-ordination of, and the interaction between, the internal audit function and the external auditor.

**Corporate reporting and internal controls**

- (d) The Committee will oversee the processes designed to safeguard the integrity of the Company's corporate reporting and internal controls by:
- (i) ensuring that the quality of financial controls and adequacy of reporting is appropriate for the business of the Company;
  - (ii) monitoring corporate conduct and business ethics, including auditor independence and ongoing compliance with laws and regulations;
  - (iii) reviewing matters of significance affecting the financial welfare of the Company and ensuring the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements;
  - (iv) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;
  - (v) ensuring that the Company's internal financial control system is adequate and making recommendations to the Board in relation to any areas for improvement;
  - (vi) reviewing with management and in conjunction with the external auditor at the completion of the half yearly review and the annual audit, and advising and making recommendations to the Board on:
    - a. the Company's financial statements and related notes (and adoption of them);
    - b. the external auditor's audit or review of the financial statements and the report on them;
    - c. any significant changes required in the external auditor's audit plan, including new or proposed accounting practices, principles or developments, disclosure requirements and legislative or regulatory pronouncements and its effect on the external auditor's audit plan;
    - d. any serious difficulties or disputes with management encountered during the course of the audit or review; and
    - e. other matters related to the conduct of the audit or review which are communicated to the Committee;
  - (vii) reviewing the significant accounting and financial reporting issues and judgements, including complex or unusual transactions made in connection with the preparation of the Company's financial statements, interim reports, preliminary announcements and related formal statements;
  - (viii) reviewing the disclosures in the financial statements;
  - (ix) reviewing recent regulatory and professional pronouncements and understanding their impact on the financial statements, as advised by the Chief Financial Officer; and
  - (x) reviewing the Company's financial statements and considering whether they are consistent with information known to Committee members and reflect appropriate accounting principles, standards and regulations.

**Risk**

- (e) The Committee will oversee management's implementation of the relevant risk management practices by:
- (i) ensuring the development of an appropriate risk management policy framework that will provide guidance to management in implementing appropriate risk management practices throughout the Company's operations, practices and systems;
  - (ii) defining and periodically reviewing risk management as it applies to the Company and clearly identifying all stakeholders;
  - (iii) ensuring the Committee clearly communicates the Company's risk management philosophy, policies and strategies to Directors, management, employees, contractors and appropriate stakeholders;
  - (iv) ensuring that Directors and management establish a risk aware culture which reflects the Company's risk policies and philosophies;
  - (v) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;
  - (vi) making informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures;
  - (vii) considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities;
  - (viii) identifying, investigating and making recommendations to the Board concerning incidents of fraud or other failures of internal controls;
  - (ix) considering and making recommendations to the Board concerning the Company's insurance program and its appropriateness having regard to the Company's business and the insurable risks associated with its business;
  - (x) identifying and monitoring the Company's material exposure to economic, environmental and social sustainability risks and making recommendations to the Board regarding appropriate mechanisms to manage those risks;
  - (xi) identifying and monitoring the Company's exposure to tax risk, setting the tax risk appetite, and reviewing the internal tax control frameworks; and
  - (xii) obtaining appropriate internal and/or external legal advice in relation to perceived or identified risk issues.

**5. RISK MANAGEMENT POLICIES**

The Committee will ensure that the necessary controls are in place for risk management policies to be maintained by:

- (a) devising a means of analysing the effectiveness of the risk management, internal compliance and control system, and of the effectiveness of each of their implementation; and
- (b) reviewing, at least annually, the effectiveness of the Company's implementation of the risk management system (and disclosing in its Annual Report or on the Company's website whether such a review has taken place in the relevant reporting period, and any insights the Company has gained from the review and any changes it has made or will make to its risk management

framework as a result).

## **6. MEETINGS**

- (a) The Committee will meet at least four times a year. Meetings may be requested by any member of the Committee.
- (b) The number of Committee meetings and Committee members' attendance at those meetings will be disclosed each year in the Company's Annual Report or on the Company's website.
- (c) Where deemed appropriate by the Committee Chairperson, meetings may occur via conference call or other electronic means and approvals and recommendations may occur via written resolution.

## **7. REPORTING**

- (a) The Committee, through its Chairperson, must report to the Board after each Committee meeting on matters relevant to its role and responsibilities and make recommendations to the Board as appropriate.
- (b) Minutes of all Committee meetings are to be circulated to the Board and included in the papers for the next Board meeting.
- (c) The Committee must brief the Board promptly on all urgent and significant matters.
- (d) The Committee must consider if any material matters arising out of the Committee meeting should be advised to any other Committee and, if so, recommend to the Board that this occurs.

## **8. ATTENDANCE AT MEETINGS**

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings of the Committee. However, no Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.
- (b) Notwithstanding section 8(a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

## **9. ACCESS**

- (a) The Committee shall have unlimited access to the external and internal (if any) auditors, management and the Company for the purpose of obtaining information to discharge its functions. The Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any Director, member of management or employee and such persons shall be instructed by the Board to co-operate fully in the provision of such information.
- (b) The Committee also has the authority to seek advice from external experts where it considers it necessary or appropriate to carry out its duties. Any costs incurred as a result of the Committee consulting an external expert will be borne by the Company.

## **10. ANNUAL GENERAL MEETING**

The Committee must ensure the external auditor attends the Company's Annual General Meeting and is available to answer questions of shareholders relevant to the audit.

## **11. APPLICATION OF STANDING RULES**

The Company's Standing Rules for Committees (**Standing Rules**) apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.