

# Audit, Business Risk and Compliance Committee Charter

24 October 2019

## 1. Introduction

1.1 The Board of Minotaur Exploration Limited (the Company or Minotaur) has established an Audit, Business Risk and Compliance Committee (Committee). The purpose for which the Committee has been established and the powers of the Committee are set out in this document.

## 2. Role and Objectives

2.1 The role of the Audit, Business Risk and Compliance Committee is to assist the Board in:

- (a) Fulfilling its responsibilities in relation to the audit of the Company and to verify and safeguard the integrity of the Company's financial reporting; and
- (b) Reviewing and assessing the adequacy of the Company's risk management systems, to ensure there is a sound framework of risk oversight, risk management and internal control in place and operating across the Company.

2.2 The overriding objective of the Committee is to provide an independent and objective review of financial and other information prepared by management, in particular that to be provided to members and/or filed with regulators, including:

- 2.2.1 the adequacy of the Company's processes for managing risk;
- 2.2.2 overseeing the Company's discharge of its responsibilities with respect to:
  - (a) The financial reports, including quarterly cash flow reports, half yearly financial reports and annual reports;
  - (b) Legal/regulatory compliance with the Australian Corporations Act 2001, ASX Listing Rules and other relevant legislation;
  - (c) Protection of Company capital, including cash at bank; and
  - (d) Risk management systems.
- 2.2.3 overseeing the Company's relationship with external auditors;
- 2.2.4 determining the independence of the external auditors;
- 2.2.5 reviewing any incident of fraud or other break down of the Company's internal controls; and
- 2.2.6 reviewing the Company's insurance program having regard to the Company's business and insurable risks associated with the business.

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### **3. Scope and Authority**

- 3.1 In undertaking its duties, the Audit, Business Risk and Compliance Committee has reasonable access to the resources of the Company and will seek to maintain an effective working relationship with the Chief Executive Officer, the Chief Executive Officer's direct reports, other senior management and the Company's Auditor.
- 3.2 The Audit, Business Risk and Compliance Committee is a standing Committee appointed and accountable to the Board.
- 3.3 The Audit, Business Risk and Compliance Committee has full authority to investigate all matters that fall within the terms of reference of this Charter, and to obtain independent professional advice, including from the external auditor, in satisfaction of its duties at the cost of the Company.

### **4. Membership of the Committee**

- 4.1 The Committee comprises a minimum of two Directors. It is preferred that a majority of the Committee at any time will be independent Directors, such that they are independent of management and free of any conflicts, business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Committee currently comprises two independent directors, as noted below. The Board considers this composition suitable having regard to the size and nature of the Company.
- 4.2 The Chair should be an independent Director and not the Chair of the Board of Directors. The Board will appoint the Chair of the Committee.
- 4.3 Current members of the Committee are:
  - 4.3.1 Mr George McKenzie (Chair, Non-Executive Director)
  - 4.3.2 Dr Roger Higgins (Non-Executive Director)
- 4.4 Other directors who are not Committee members may attend meetings of the committee should they wish. Selected members of management may attend meetings of the Committee by invitation.
- 4.5 The Board will review the membership and charter of the Committee annually, in accordance with Section 10.

### **5. Overview**

The Committee's key responsibilities and functions are to:

- 5.1 Oversee the Company's relationship with the external auditor (including forming a policy on the provision of non-audit services and the rotation of external auditor personnel at least every five years) and the external audit function generally;

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- 5.2 oversee the adequacy of the control processes in place in relation to the preparation of financial statements and reports;
- 5.3 oversee the adequacy of the Company's financial controls and systems; and
- 5.4 oversee the process of identification and management of business, financial and commercial risks.

### **6. Audit**

6.1 The Committee's specific function on audit is to review and report to the Board that:

6.1.1 The system of control, which management has established, effectively safeguards the assets of the Company;

6.1.2. processes are in place such that accounting records are properly maintained in accordance with statutory requirements; and

6.1.3. processes exist to reasonably guarantee that financial information provided to investors and the Board is accurate and reliable.

6.2 The following are intended to form part of the normal procedures for the Committee's audit responsibility:

6.2.1 Recommending to the Board the appointment and removal of the external auditors and reviewing the terms of engagement;

6.2.2 reviewing the audit plan set by Auditing/Accounting Standards and the external auditors;

6.2.3 monitoring the effectiveness and independence of the external auditor;

6.2.4 obtaining assurances that the audit is conducted in accordance with the Auditing/Accounting Standards and all other relevant accounting policies and standards;

6.2.5 providing recommendations to the Board as to the role of the internal auditor/internal audit function, if any;

6.2.6 monitoring the relationship between management and the external auditors;

6.2.7 evaluating the adequacy, effectiveness and appropriateness of the Company's administrative, operating and accounting control systems and policies;

6.2.8 reviewing and evaluating controls and processes in place to ensure compliance with approved policies, controls and with applicable accounting

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standards and other requirements relating to the preparation and presentation of financial results;

- 6.2.9 overseeing the Company's financial reporting and disclosure processes and the outputs of that process;
- 6.2.10 determining the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices;
- 6.2.11 reviewing (in consultation with management and external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and approving all significant accounting policy changes.

### **7. Risk and Compliance**

- 7.1 The Committee's specific function with respect to risk management is to review and report to the Board whether:
  - 7.1.1 The Company's ongoing risk management program effectively identifies all areas of potential risk;
  - 7.1.2 adequate policies and procedures have been designed and implemented to manage identified risks;
  - 7.1.3 a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
  - 7.1.4 proper remedial action is undertaken to address areas of weakness.
- 7.2 The following are intended to form part of the normal procedures for the Committee's risk responsibility:
  - 7.2.1 evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
  - 7.2.2 evaluating the adequacy and effectiveness of the Company's financial and operational risk management control systems by reviewing reports from management and external auditors;
  - 7.2.3 evaluating the structure and adequacy of the Company's own insurances on an annual basis;
  - 7.2.4 reviewing and making recommendations on the objectives and effectiveness of the Company's financial and operational risk management policies;

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- 7.2.5 overseeing the establishment and maintenance of processes to ensure that there is:
  - (a) an adequate system of internal control, management of business risks and safeguard of assets; and
  - (b) a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control;
- 7.2.6 evaluating the Company's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance;
- 7.2.7 reviewing the Company's main corporate governance practices for completeness and accuracy;
- 7.2.8 overseeing the proper evaluation of the adequacy and effectiveness of the Company's legal compliance control systems; and
- 7.2.9 providing recommendations as to the appropriateness or otherwise of related party transactions.

### **8. Meetings**

- 8.1 It is intended that the Committee will meet at least two (2) times each year, or as often as the Committee members deem necessary in order to fulfil their role and objectives set out in this Charter.
- 8.2 Except as set out in this Charter, the Committee is subject to the Board's general policy for engaging or seeking advice from financial and legal advisers.
- 8.3 The Company Secretary will attend all Committee meetings. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by a director.

### **9. Reporting**

- 9.1 It is intended that a report of the actions of the Committee and/or a copy of the minutes of the Committee meeting will be included in the Board papers for the Board meeting next following a meeting of the Committee.
- 9.2 The chair will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All Directors may, within the Board meeting, request information of members of the Committee.

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### **10. Review**

The Board will meet at least once in each year to:

- 10.1 review the membership and charter of the Committee to determine its adequacy for current circumstances. Where necessary, the Board, upon the recommendation of the Committee, may by resolution alter the responsibilities, functions or membership of the Committee. The Committee may also recommend to the Board the formal adoption of a revised charter for future operations of the Committee; and
- 10.2 oversee the preparation of any report or other disclosures to be included in the Company's annual report or other communications to shareholders relating to the external auditors and the Company's financial statements.

### **11. Publication of this Policy**

- 11.1 Key features of this Charter will be outlined in the Company's Corporate Governance Statement annually.
- 11.2 This Charter will be made available to the Company's shareholders on request.
- 11.3 This Charter will be made available on the Company's website.