



**Resolute**

# **Audit and Risk Committee Charter**

## **1 Terms of reference**

### **1.1 Remit**

The primary purpose of the Committee is to oversee and make recommendations to the Board in relation to Resolute's financial position, the adequacy of Resolute's performance and reporting processes, the establishment and performance of internal and external audit functions and the effectiveness of Resolute's systems of risk identification, management and mitigation.

## **2 Scope**

### **2.1 External audit**

The scope of the Committee's external audit remit will include, but not be limited to:

- recommending selection, removal (as appropriate) and remuneration of the external auditor and to monitor the external auditor's independence;
- providing instruction to the external auditor including ensuring the scope and adequacy of the external audit;
- overseeing the availability of any assistance as reasonably required by the external auditor;
- receiving external auditor's preliminary audit or review reports;
- overseeing and monitoring implementation of external auditor's recommendations (as accepted);
- ensuring that the external audit approach covers all financial statement areas where there is a perceived risk of material misstatement; and
- in monitoring the external auditor's independence, the Committee will have regard to any legislative or regulatory requirements, and the following principles:
  - ensuring that the external audit engagement partner is rotated at least every five years with at least two years expiring before that partner can again be involved in the audit of Resolute;
  - monitoring the number of former employees of the external auditor who were involved in auditing Resolute and who are currently employed in senior financial positions in Resolute, and assess whether this impairs or appears to impair the external auditor's judgement or independence in respect of Resolute. An individual who was engaged by the external auditor and participated in Resolute's external audit shall be precluded from employment as CEO or CFO of Resolute for a period of at least 12 months from the time of the audit;
  - considering whether taken as a whole, the various relationships between Resolute and the external auditor and the economic importance of Resolute (in terms of fees paid to the external auditor for the audit as well as fees paid to the external auditor for the provision of non-audit services) to the external auditor impair or may appear to impair the auditor's judgement or independence in respect of Resolute;
  - ensuring Resolute does not engage its external auditor for certain non-audit services (e.g. bookkeeping, financial information systems design, valuations, actuarial services, internal audit outsourcing, human resources and audit non-related legal/expert services) where such work, or the aggregate of such works, or the fees therefrom, may otherwise prejudice or compromise the external auditor's independence. Any proposal to grant the external Auditor non-prohibited non-audit services exceeding \$10,000 in total will be referred to the Committee Chair by management prior to granting the work; and
  - meeting with the external auditors without the presence of management.

## 2.2 Internal audit

The scope of the Committee's internal audit remit will include, but not be limited to:

- overseeing and monitoring the scope and adequacy of Resolute's internal controls and compliance requirements to assure integrity in Resolute's operations and affairs;
- assessing the need, or otherwise, for Resolute to have a dedicated internal audit charter and internal audit plan (and if so approving such charter and plan);
- appointing or removing the internal auditor;
- approving and ensuring resourcing of the internal audit function, as appropriate, including budgetary allocation for staffing and external consulting support (as necessary); and
- reviewing and assessing the performance and objectivity of Resolute's internal audit function, as applicable.

## 2.3 Financial statements and reporting generally

The scope of the Committee's financial statements and reporting generally remit will include, but not be limited to:

- overseeing the adequacy of Resolute's corporate reporting processes;
- overseeing whether Resolute's financial statements reflect the understanding of the Committee members and whether in their opinion they provide a true and fair view of the financial position and performance of Resolute;
- reviewing, the appropriateness of relevant accounting judgements or choices exercised by management in preparing the financial statements;
- overseeing and monitoring the application of accounting policies and reporting of financial information to security holders, regulators and generally; and
- reporting on these matters to the Board, with recommendations as appropriate.

The Committee has the authority to access information and interview and consult with Resolute personnel, the external auditor, the internal auditor and to consult any independent professional advisers it considers appropriate to provide advice on matters within the scope of its remit (with or without management present).

## 2.4 Risk function

The scope of the Committee's remit will include, but not be limited to:

- Risk management:
  - approving and monitoring policies for identifying and managing/mitigating/transferring risk including in accordance with RSG's Enterprise Risk Management Framework ;
  - approving and monitoring policies for business continuity and crisis planning risk management;
  - receiving ongoing risk management reports; and
  - reviewing RSG's Enterprise Risk Management Framework, standards and management processes at least annually to allow the Committee to satisfy itself that they are sound.
- Insurance:
  - reviewing and ensuring Resolute carries appropriate levels of insurance; and
  - reviewing and monitoring terms of insurance policies.
- Generally:
  - reviewing and reporting on these matters to the Board, with recommendations as appropriate, including as to:
    - the adequacy of Resolute's processes for managing risk;
    - any incident involving fraud or other material breakdown of Resolute's internal controls; and

- Resolute's insurance program, including having regard to Resolute's business and the insurable risks associated with its business.

The Committee has the authority to access information and consult with and interview Resolute personnel, the internal auditor and external auditors and also to consult independent professional advisers it considers appropriate to provide advice on matters within the scope of its remit.

## 2.5 Generally

The Committee may be requested by the Board to perform other related tasks to the above audit function and risk function.

## 3 Governance

### 3.1 Establishment of the Committee

The Committee is established under the authority of the Board.

The composition, terms of reference, functions and procedures of the Committee may be amended from time to time by the Board including on recommendation of the Committee.

The Committee should be of sufficient size and independence to discharge its mandate effectively, including appropriate diversity of membership to avoid entrenching unconscious bias.

## 4 Membership of the Committee

All Committee members must be non-executive, and the majority must be independent.

The Committee Chair should not be the Board Chair.

To be able to effectively discharge the Committee's mandate, Committee members between them should have:

- accounting and financial expertise;
- knowledge or experience in risk management and/or insurance;
- necessary technical knowledge; and
- sufficient understanding of Resolute's business and the industry in which Resolute operates.

The following executive officers will generally be available to attend Committee meetings at the discretion of the Committee:

- CEO;
- CFO; and
- COO.

### 4.1 Other special provisions

RSG will disclose on its website or in its annual return:

- the relevant qualifications and experience of the members of the Committee; and
- with respect to Resolute's internal audit function:
  - whether it has one;
  - if it does have one, how it is structured and the role it performs; and

- if it does not have one, that fact as well as the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

If Resolute has an internal audit function, the Committee will ensure that the head of that function has a direct reporting line to the Committee and the Board.

RSG must disclose in its annual report (or on its website) in relation to the relevant reporting period for each annual report:

- that a risk review has taken place; and
- any insights it has gained from the review and any changes made to its risk management framework as a result.

## 4.2 Chair

The Committee Chair shall chair meetings of the Committee.

In the absence of the Committee Chair, the Committee will elect another to chair meetings of the Committee.

## 4.3 Committee secretary

The Company Secretary (or nominee) will fulfil the usual corporate secretarial role for the Committee. The Committee may exclude the Company Secretary from attendance at relevant Committee meetings or parts of meetings where issues of potential conflict or confidentiality arise, at which times a member of the Committee itself will be designated to attend to that function.

## 4.4 Meeting procedures

The Committee shall meet at least 4 times annually, or as required, on dates and times agreed by the members, or as called by the Committee Chair or at least 2 Committee members.

As far as possible, Committee agendas and supporting papers must be distributed to Committee members a reasonable period in advance of the meeting.

A quorum shall comprise at least 50% of members of the Committee, but in any event not less than 2 members.

## 4.5 Decision making

Preferably decision making and resolutions of the Committee are by consensus.

In the case of the need for formal voting, each member of the Committee including the Committee Chair shall have one vote, and in the case of equality of voting the Committee Chair shall have a casting vote in addition to his or her deliberative vote.

## 4.6 Minutes

Minutes of each Committee meeting shall be prepared by the Company Secretary, settled by the Committee Chair and distributed to each member of the Committee promptly following the relevant meeting.

The minutes of each Committee meeting are to be submitted to the next following meeting of the Board for noting or for deliberation upon matters specifically referred by the Committee to the Board.

The minutes of each Committee meeting are to be submitted to the next succeeding meeting of the Committee for their formal approval by the Committee as a fair and correct record of proceedings and signing by the Committee Chair.

Minutes of each Committee meeting must be recorded in RSG's corporate secretarial records in compliance with any applicable regulatory requirements.

## 4.7 Power, authority and external advice

The Committee has the power and authority to do all things necessary or incidental in the proper performance of its role including authority to access information and to consult with and interview Resolute personnel and to take external professional advice as necessary and appropriate.

## 4.8 Reporting (periodic)

The Committee, through the Committee Chair, shall report in summary to the Board at the next Board meeting after each Committee meeting. The report should include but not be limited to:

- material issues arising at the meeting of the Committee and any formal resolutions; and
- any matters at in the opinion of the Committee should be brought to the attention of the Board.

## 4.9 Reporting (annual)

In addition, the Committee, through the Committee Chair and with the administrative support of the Company Secretary, shall submit a report annually to the Board summarising the Committee's activities during the relevant financial year. The report should include:

- reference to the Committee's main authority, responsibilities and duties in the context of this Charter;
- details of meetings, including the number of Committee meetings held during the relevant period, and the number of meetings attended by each Committee member;
- details of any change to the independence or qualifying (as a member of the Committee) status of any Committee member during the relevant period, if applicable;
- a summary of the Committee's operations and performance, and the material issues addressed by the Committee during the relevant period; and
- a review of the Charter and terms of reference and any recommendations arising.

## 4.10 Disclosure

In accordance with prudent governance practice and section 300(10) of the Corporations Act (if and as applicable):

- the names of the members of the Committee will be disclosed on RSG's website; and
- with respect to each annual period RSG will disclose on its website or in its annual report:
  - the number of times the Committee met; and
  - the individual attendances of Committee members at those meetings.

# 5 Definitions

**Board** means the board of directors of RSG.

**Board Chair** means the chair of the Board.

**CEO** means the chief executive officer of RSG.

**CFO** means the chief financial officer of RSG.

**COO** means the chief operating officer of RSG.

**Committee** means RSG's audit and risk committee described in section 1.1 of this Charter.

**Committee Chair** means the chair of the Committee.

**Charter** means this Audit and Risk Committee Charter, as amended from time-to-time.

**Company Secretary** means the company secretary of RSG.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Director** means a director of RSG.

**Resolute** means RSG and its subsidiaries and related entities.


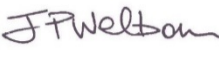

**RSG** means Resolute Mining Limited ACN 097 088 689.

## 6 Related documents

- Board Charter.

## 7 Approval and review

This document is to be reviewed annually by the Audit and Risk Committee and the Board.

Version	RIGS Document Category	Date	Status	RIGS Document Owner	Reviewer	Approver	Approval Date
1.0	Board	23 August 2018	Reviewed				23 August 2018
				<b>Amber Stanton</b> <i>General Counsel &amp; Company Secretary</i>	<b>John Welborn</b> <i>Managing Director &amp; CEO</i>	<b>Martin Botha</b> <i>Chair</i>	