



**Adriatic Metals**

# **AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER**

# Adriatic Audit and Risk Management Committee Charter

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## 1 Purpose

The Audit and Risk Management Committee (**Committee**) is established by the Board of Directors of Adriatic Metals plc (**Adriatic** or the **Company**).

This Charter governs the operations of the Committee and sets out the membership, operation and responsibilities of the Committee.

The purpose of the Audit and Risk Management Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the external reporting of financial information, the internal control and operational risk management framework and the independence and effectiveness of audit and compliance with laws and regulations.

Specifically, the Audit and Risk Management Committee shall monitor:

- auditor appointments and effectiveness;
- significant accounting and reporting matters;
- internal control systems;
- ethical codes; and
- risk management and compliance frameworks.

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## 2 Membership of the Committee

### 2.1 Membership

The Committee will consist of:

- (a) only non-executive directors;
- (b) a chair, who is not Chairman of the Board; and
- (c) at least three members.

### 2.2 Appointment and term

The members of the Committee will be determined by the Board having regard to section 2.1 of this Charter. There is no prescribed term for membership. Membership of the Committee ceases when a member ceases to be a director of the Company.

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.

The Audit and Risk Management Committee Chairman shall:

- be knowledgeable of Adriatic's business, financial and auditing processes;
- oversee planning and conduct of Audit and Risk Management Committee meetings including approval of the agenda and minutes; and
- oversee reporting and verbal presentations to the Board from the Audit and Risk Management Committee and be involved in selection of Audit and Risk Management Committee members as appropriate.

All members will be financially literate and at least one member will have accounting or related financial experience. The Company Secretary shall be Secretary of the Committee.

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### **3 Administrative matters**

#### **3.1 Meetings**

The Committee will meet as often as necessary to undertake its role effectively. The quorum necessary for a meeting of the Committee will be two members.

The Company Secretary must on request from any Committee member, convene a meeting of the Committee. Notice must be given to every Committee member of every Committee meeting but there is no minimum notice period. Acknowledgment of receipt of notice by all members is not required before the meeting may be validly held.

Members of management and/or external consultants may attend meetings of the Committee at the invitation of the Committee Chairman, but must not be appointed members of the Committee. All directors are able to attend any Committee meetings as invitees.

#### **3.2 Access and external engagement**

The Committee has rights of access to management and/or external consultants and the right to seek explanations and additional information.

The Committee may, upon notifying the Chairman of the Board, approve the appointment, and seek the advice of, Adriatic's advisors (at the cost of the Company) as to any matter pertaining to the powers or duties of the Committee.

#### **3.3 Agenda and minutes**

The Company Secretary, or delegate, will:

- (a) attend all Committee meetings as minute secretary;
- (b) in conjunction with the Chairman of the Committee, prepare an agenda or notification of meeting purpose to be circulated by text message or email to each Committee member before each meeting of the Committee; and
- (c) prepare minutes of each Committee meeting to be circulated within 48 hours to the Committee, CEO, CFO and the Board.

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### **4 Reporting**

The minutes of the previous Committee meeting will be included in the Board papers for the Board meeting following a meeting of the Committee.

The matters before the Committee will be incorporated into the respective Board reports of the CEO and/or CFO or from the Committee Chairman. The Committee Chairman will recommend to the Board any matters for approval and provide a report at the Board meeting as to any other material matters arising out of Committee meetings. All directors will be permitted, within the Board meeting, to request information of the Committee Chairman or members of the Committee.

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### **5 Responsibilities**

- 5.1 The Committee shall assist the Board of Directors in fulfilling its statutory, fiduciary and corporate governance responsibilities relating to accounting, reporting practices and risk management.

## **5.2 Audit**

- a) recommending to the Board of Directors the appointment of the external auditor, and change in such appointment and the fee payable to the external auditor;
- b) evaluating the independence of the external auditor including the extent of provision of non-audit services by the external auditor;
- c) ensuring the ongoing management of effective internal controls with appropriate resources;
- d) reviewing the quality of the internal and external audit functions; and
- e) providing to the Board a direct line of communication from both the internal and external auditors.

## **5.3 Accounting & Reporting**

- a) reviewing significant accounting policies adopted within the Group to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- b) monitoring the effectiveness of the accounting and internal control systems and reporting;
- c) reviewing and discussing the scope and results of the work of the external auditor;
- d) considering financial matters relevant to half and full year financial reporting in a timely manner;
- e) reviewing half year and full year Financial Statements and making the necessary recommendations to the Board;
- f) ensuring that there are no unresolved issues between management and the external auditors; and
- g) reviewing other financial information distributed externally as required.

## **5.4 Ethics**

- a) reviewing the Company's controls to ensure they support ethical operations including Codes and Conduct statements and management; and
- b) reviewing any reported instances of noncompliance with Adriatic's Code of Conduct

## **5.5 Risk Management**

- a) reviewing the adequacy and effectiveness of the Adriatic's risk management framework; and
- b) assisting the Board with regards to oversight of the Adriatic's risk management by gaining assurance that all major identified risks are being adequately managed and that mitigation practices are appropriate.

## **5.6 Compliance**

Review of the processes in place to ensure compliance with laws, regulations and internal codes of conduct.

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## **6 Review of performance**

The Committee will periodically undertake an evaluation of its performance. The Board may evaluate the performance of the Committee as appropriate.

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**7 Review of this charter**

The Board will periodically review this Charter to determine its adequacy.

Approved by the Board of Directors of Adriatic Metals plc on 14 September 2018