

**MOUNT HOPE MINING
LIMITED**

ACN 677 683 055

**Audit and Risk
Committee Charter**

Audit and Risk Committee Charter

1 Introduction

This is the charter of the Audit and Risk Committee (**Committee**) which has NOT been established as a separate committee by the board of directors (**Board**) of Mount Hope Mining Limited ACN 677 683 055 (**Company**) at this stage in accordance with the Company's constitution (**Constitution**) (**Charter**), however the board will act in accordance to follow this charter.

This Charter sets out the role, authority, responsibilities, composition and procedural requirements of the Committee.

2 Role

The role of the Audit and Risk Committee (when implemented) 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. As at the date of this document, the full Board carries out the duties that would ordinarily be assigned to an audit an risk committee under this Charter

3 Composition

The Board will endeavour to comply with the below composition requirements of the Audit and Risk Committee when possible, noting that the stage of the Company's operations and the composition of the Board may not permit all composition requirements to be met from time to time.

- (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 **Error! Reference source not found.**
- (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 Chair of the Committee may not be the Chair of the Board of Directors and must be independent in accordance with the criteria set out in **Error! Reference source not found.**
- (g) The Chair 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.

4 Purpose

- (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.

5 Duties and responsibilities of the committee

5.1 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.

5.2 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 as required 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.

5.3 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.

5.4 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) Assess whether the Company has any potential or apparent exposure to environmental or social risks and if it does, put in place management systems, practices and procedures which are designed to:
 - (i) identify, assess, monitor and manage operational risk;
 - (ii) establish an overall risk profile for the Company's risks; and
 - (iii) escalate risks to the appropriate level of the organisation dependant on materiality.
- (c) Where the Company does not have material exposure to environmental or social risks, report the basis for that determination to the Board and where appropriate, benchmark the Company's environmental or social risk profile against its peers.
- (d) Assess whether the Company is required to publish an integrated report or a sustainability report in accordance with a recognised international standard.

- (e) Consider whether the Company has a material exposure to climate change risk.
- (f) Monitor, review, consider and provide recommendations to the Board on environmental related contingency planning within the Company which is designed to ensure that all material environmental risks have appropriate contingency plans developed.
- (g) Review the Company's risk management framework at least annually to satisfy itself that the framework:
 - (i) continues to be sound;
 - (ii) ensures that the Company is operating with due regard to the risk appetite set by the Board; and
 - (iii) deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change.
- (h) Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

5.5 Other

- (a) The Committee will oversee the Company's environmental risk management and occupational health and safety processes and consider whether the Company has a material exposure to climate change risk.
- (b) The Committee will oversee procedures for whistle-blower 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) Assist management to determine whether it has any material exposure to environmental or social risks (as those terms are defined in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations):
 - (i) if it does, how it manages, or intends to manage, those risks; and
 - (ii) if it does not, report the basis for that determination to the Board, and
 - (iii) where appropriate benchmark the Company's environmental or social risk profile against its peers;

- (f) Monitor related party transactions.

5.6 Meetings

- (a) The Committee will meet at least biannually 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 Chair of the Committee.
- (c) Where deemed appropriate by the Chair 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 Chair of the Committee or their nominees, the members shall elect one of their members as Chair of that meeting.
- (e) Decisions will be based on a majority of votes with the Chair having a casting vote.
- (f) The Committee Chair, 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.

5.7 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.

5.8 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.

6 Access to Advice

- (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 Chair, which shall not be unreasonably withheld. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

7 Review of Charter

- (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.

8 Report to the Board

- (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.