

**MACARTHUR MINERALS LIMITED**  
ACN 103 011 436

**AUDIT AND RISK COMMITTEE CHARTER**

(Adopted by the Board of Directors on 14 May 2015 and reviewed on 08 October 2019)

**ARTICLE 1 - PURPOSE**

The overall purpose of the Audit and Risk Committee (the “Committee”) is to:

- (a) ensure that the management of Macarthur Minerals Limited (the “Company”) has designed and implemented an effective system of internal financial controls for reviewing and reporting on the Company’s financial statements;
- (b) oversee, review and report on the integrity of the Company’s financial disclosure and reporting;
- (c) review the Company’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts; and
- (d) be directly responsible for:
  - (i) the recommendation to the Board of Directors (“Board”) of a firm of external auditors to be proposed for election as the external auditors of the Company,
  - (ii) the oversight of the work of the Company’s external auditors, and
  - (iii) subject to the grant by the shareholders of the authority to do so, if required, recommend to the Board the compensation of the external auditors of the Company.

**ARTICLE 2 - COMPOSITION, PROCEDURES AND ORGANIZATION**

**2.1 Number of Members**

The Committee shall be comprised of a minimum of three non-executive members of the Board.

**2.2 Member Qualifications**

- (a) The Committee member must be a director of the Company
- (b) The majority of Committee members must be “independent<sup>1</sup>” within the meaning of all applicable legal and regulatory requirements (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).

---

<sup>1</sup> Whether a director is “independent” will be determined in accordance with all applicable laws and regulations, including the applicable securities laws of Canada and the United States and the regulations and policies of any stock exchange or quotation system on which the Company’s securities are listed or quoted.

- (c) All of the members of the Committee will be “financially literate<sup>2</sup>”, at least one member of the Committee will have accounting or related financial expertise (i.e. able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles).

### 2.3 Member Appointment and Removal

- (a) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, or by way of circulating resolution thereafter, will appoint the members of the Committee for the ensuing year.
- (b) The Board may at any time remove or replace any member of the Committee.
- (c) To fill any vacancy in the Committee following the death, disability or resignation of a member, the new appointee may be exempt from the requirement of section 2.2(b), independence, or section 2.2(c), being financially literate, for a period of up to six months or until the next Annual General Meeting whatever is the shorter. Such an appointment is subject to the board determining that the reliance on the exemption will not materially adversely affect the ability of the Audit and Risk Committee to act independently and to satisfy the other requirements of NI52-110.

### 2.4 Committee Structure and Operations

#### (a) *Chair*

Each year, the Board shall appoint one member of the Committee to be the Chair of the Committee. The Chair of the Committee may be removed at any time at the discretion of the Board. If in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed.

Unless the Board has appointed a chair of the Committee, the members of the Committee will elect a chair from among their number.

#### (b) *Meetings*

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings. However, the Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties.

The Chair or any two members of the Committee may call a meeting.

#### (c) *Notice*

Notice of the time and place of every meeting shall be given in writing to each Committee member, the Chairman of the Board, the Chief Executive Officer of the Company and the Chief Financial Officer of the Company at least one week prior to the time fixed for such meeting.

---

<sup>2</sup> An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally compatible to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The external auditor of the Company shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat.

If requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor.

(d) *Quorum*

The quorum for meetings will be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. Decisions by the Committee will be by the affirmative vote of a majority of the members of the Committee, or by consent resolutions in writing signed by each member of the Committee.

(e) *Secretary*

The Committee may select an individual to act as secretary for the Committee, who will be either:

- (i) A member of the Committee other than the chair;
- (ii) the Corporate Secretary; or
- (iii) Another individual who is not a member of the management of the Company. or

The Secretary, in conjunction with the Chair shall draft an agenda, which will be circulated at least one week prior to each meeting.

(f) *Records*

Minutes of meetings of the committee shall be recorded and maintained by the Secretary to the Committee and shall be subsequently presented to the committee for review and approval. The minutes of each Committee meeting shall be submitted to the Board for information.

(g) *Attendees*

The Committee will have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

The internal accounting staff, any external accounting consultant(s) and the external auditors will have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in, or consultant of, the Company as it deems necessary, and any employee of, or consultant to, the Company may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

The Committee may, in its sole discretion, retain, at the expense of the Company, such legal, financial or other advisors or consultants as it may deem necessary or advisable in order to properly and fully perform its duties and responsibilities hereunder.

(h) *Liaison*

The Company's Chief Financial Officer shall act as management liaison with the Committee.

**ARTICLE 3 - DUTIES AND RESPONSIBILITIES**

3.1 The overall duties and responsibilities of the Committee will be as follows:

- (a) be directly responsible for:
  - (i) the recommendation to the Board of a firm of external auditors to be proposed for election as the external auditors of the Company,
  - (ii) the oversight of the work of the Company's external auditors, and
  - (iii) subject to the grant by the shareholders of the authority to do so, if required, recommendation to the Board the compensation of the external auditors of the Company;
- (b) to review with the management of the Company (and, in the case of the annual audited statements, with the external auditors) the annual audited consolidated and unaudited consolidated quarterly financial statements, including the notes thereto, to ensure that such statements present fairly the financial position of the Company and the results of its operations and, if appropriate, to recommend to the Board as to the approval of any such financial statements;
- (c) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements;
- (d) to establish and maintain a direct line of communication with the Company's internal accounting staff and any external accounting consultant(s) and assess their performance;
- (e) to undertake the following in relation to risk management:
  - (i) review and evaluate the internal processes for determining and managing key risk areas;
  - (ii) monitor and assess the Company's risk management system and require Management to report major risks at least annually to the Board;
  - (iii) require periodic reports from nominated senior managers:
    - A. confirming the operation of the risk management system including advice that accountable management have confirmed the proper operation of agreed risk mitigation strategies and controls; and
    - B. detailing material risks.

- (f) to ensure that the management of the Company has designed, implemented and is maintaining an effective and appropriate system of internal financial controls; and
- (g) to report regularly to the Board on the fulfilment of its duties and responsibilities including:
  - (i) assessment of whether external reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
  - (ii) assessment of the management processes supporting external reporting;
  - (iii) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
  - (iv) recommendations for the appointment or, if necessary, the removal of the external auditor;
  - (v) assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report should state whether the Audit and Risk Committee is satisfied that provision of those services has not compromised the auditor's independence;
  - (vi) assessment of the performance and objectivity of the internal audit function; and
  - (vii) the results of the committee's review of risk management and internal control systems.

3.2 The duties and responsibilities of the Committee as they relate to the external auditors will be as follows:

- (a) to recommend to the Board a firm of external auditors to be proposed by management of the Company to the shareholders for election by the shareholders as the external auditors for the Company, and to verify the independence of such proposed external auditors;
- (b) to review and recommend to the Board the fee, scope and timing of the annual and any other audit performed by the external auditors;
- (c) to review and evaluate the qualifications, performance and independence of the lead partner of the external auditors of the Company;
- (d) to discuss with management of the Company the timing and process for implementing the rotation of the lead audit partner and the reviewing partners of the external auditors of the Company;
- (e) to obtain confirmation from the external auditors of the Company that they will report directly to the Committee;

- (f) to obtain confirmation from the external auditors of the company that they will report in a timely matter to the Committee all critical accounting policies and practices to be used, all alternative accounting policies and practices, the ramifications of each of such accounting policies and practices and the accounting policy and practice preferred by the external auditors of the Company, for the financial information of the Company within applicable accounting principles which have been discussed with management of the Company and will provide a copy of all material written communications between the external auditors of the Company and management of the Company including, without limitation, any management letter or schedule of unadjusted differences;
- (g) to review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditors of the Company;
- (h) to review and pre-approve all non-audit services to be provided to the Company (or any of its subsidiaries) by the external auditors;
- (i) review the audit plan of the external auditors prior to the commencement of the audit;
- (j) to review with the external auditors, upon completion of their annual audit:
  - (i) the contents of their report,
  - (ii) the scope and quality of the audit work performed,
  - (iii) the adequacy of the Company's financial and accounting personnel,
  - (iv) the co-operation received from the Company's personnel and any external consultants during the audit,
  - (v) the scope and nature of the internal resources used,
  - (vi) any significant transactions outside of the normal business of the Company,
  - (vii) any significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems, and
  - (viii) the non-audit services provided by the external auditors during the year under audit;
- (k) to discuss with the external auditors not just the acceptability, but also the quality, of the Company's accounting principles; and
- (l) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

3.3 The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal accounting, the use of and services provided by any external accounting consultant(s), insurance, information services and systems and financial controls, management reporting and risk management, and to ensure that the Company maintains:
  - (i) the necessary books, records and accounts in reasonable detail to accurately and fairly reflect the Company's financial transactions,
  - (ii) effective internal control systems, and
  - (iii) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud;
- (b) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
  - (ii) the confidential, anonymous submission by employees or any external consultants of the Company of concerns regarding questionable accounting or auditing matters;
- (c) to periodically review this policy and recommend to the Board any changes which the Committee may deem appropriate;
- (d) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company;
- (e) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal accounting staff, by any external accounting consultant(s) or by the external auditors have been implemented;
- (f) assist in the preparation of any internal control report by management, which provides that management of the Company is responsible for establishing and maintaining an adequate control structure and procedures for financial reporting by the Company, assessing the effectiveness of such control structure and procedures, and ensuring that the external auditors of the Company attest to, and report on, the assessment of such control structure and procedures by management of the Company;
- (g) assist the Chief Executive Officer and the Chief Financial Officer of the Company in their assessment of the effectiveness of the Company's internal control over financial reporting and in determining whether there has been any material change in the Company's internal control over financial reporting which has materially affected or could materially affect such internal control subsequent to the date of the evaluation; and
- (h) assist the Chief Executive Officer and the Chief Financial Officer of the Company in identifying and addressing any significant deficiencies or material weaknesses in the

design or operation of the Company's internal control over financial information and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

3.4 The Committee is also charged with the responsibility to:

- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
- (b) review and approve the financial sections of:
  - (i) the annual report to shareholders;
  - (ii) the annual information form (if any);
  - (iii) any quarterly or annual management discussion and analysis;
  - (iv) prospectuses; and
  - (v) other public reports requiring approval by the Board,

and report to the Board with respect thereto including, without limitation, as to the approval (or otherwise) thereof by the Board;

- (c) prior to public disclosure review regulatory filings and decisions as they relate to the Company's consolidated annual and interim financial statements, including any press releases with respect thereto;
- (d) ensure that all non-audit services approved by or on behalf of the Committee are disclosed in the periodic reports of the Company;
- (e) ensure that each annual report and, to the extent required by any applicable legal or regulatory requirement, any quarterly report of the Company includes disclosure with respect to all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities which may have a current or future effect on the Company in accordance with all applicable legal and regulatory requirements;
- (f) ensure that all financial statements and other financial information, including pro forma financial information, included in any report filed by the Company with any regulatory authority or contained in any public disclosure or press release of the Company is presented in a manner which does not contain a material misstatement or omission;
- (g) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (h) review and report on the integrity of the Company's consolidated financial statements;



- (i) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (j) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts; and
- (k) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board within a reasonable time following each annual general meeting of shareholders.

3.5 The Committee shall have the authority to determine:

- (a) subject to the grant by the shareholders of the authority to do so, if required, the compensation to be received by the external auditors of the Company in connection with all audit services, and non-audit services, to be performed by the auditors;
- (b) the compensation to be received by any legal, financial or other advisors or consultants engaged by the Committee to assist it in performing its duties and responsibilities hereunder; and
- (c) the appropriate funding for the ordinary administrative expenses of the Committee.

The Committee discharges its responsibilities by making recommendations to the Board. The Committee does not have any executive powers to commit the Board or Management to their implementation. The Committee is not responsible for supervising the performance of executives and does not become involved in day-to-day operations, management functions or decision making.

#### **ARTICLE 4 – GENERAL**

4.1 The Committee will:

- (a) prepare any report or other disclosure, including any recommendation of the Committee, required by any applicable legal or regulatory requirement to be included in the annual proxy or information circular of the Company;
- (b) review this Charter at least annually and recommend any changes herein to the Board;
- (c) report the activities of the Committee to the Board on a regular basis and make such recommendations thereto as the Committee may deem necessary or appropriate;
- (d) review and recommend to the Board an annual performance evaluation of the Committee, which performance evaluation must compare the performance of the Committee with the requirements of this Charter and be conducted in such manner as the Committee deems appropriate. Such report to the Board may be in such form as the Committee determines, which may include being in the form of an oral report by the

chair of the Committee or by another member of the Committee designated by the Committee to make such report; and

(e) adopt, as it sees fit, any policies and procedures for pre-approval of non-audit services in accordance with all applicable legal and regulatory requirements.

4.2 No member of the Committee will receive any compensation from the Company, other than fees for being a director of the Company, or a member of a committee of the Board.

4.3 In addition to the foregoing, the Committee will perform such other duties as may be assigned to it by the Board from time to time or as may be required by any applicable stock exchanges, regulatory authorities or legislation.