



**BMG Resources Limited**

**ACN 107 118 678**

**Audit and Risk Committee Charter**

**Function and Purpose**

The Audit and Risk Committee provides advice and assistance to the Board in fulfilling the Board's responsibilities relating to:

- the Company's financial statements;
- financial and market reporting processes;
- internal accounting and financial control systems;
- internal control;
- risk management and controls
- external audit; and
- such other matters as the Board may request from time to time.

**Membership and Composition**

The minimum number required on the Committee is two members.

At least two members of the Committee must be Non-Executive Directors of the Board.

Where possible, the Chair of the Committee is to be an independent Director, but in any event, the Chair should not be the Chairman of the Board.

All Committee members shall be financially literate and hold sufficient business, industry and financial experience to act effectively. At least one member must have accounting or related financial management expertise.

The secretary shall be the Company Secretary or such other person as nominated by the Board.

The Company Secretary can be a member of the Committee.

**Responsibilities**

The Committee is formed by the Board to promote an environment within the Company which is consistent with best practice financial reporting. The Committee:

- oversees the adequacy of the nature, extent and effectiveness of the Company's accounting and financial policies and controls;
- oversees the Company's financial reporting process and reports on the results of its activities to the Board;
- conducts periodic discussions with management and external auditors, seeking assurance of compliance with relevant regulatory and statutory requirements, and the adequacy of the Company's disclosures and policies;
- reviews, in conjunction with management and the external auditor, the Company's annual and interim financial statements and reports to Shareholders;
- seeks assurance from the external auditor that it is satisfied with the disclosures and content of the financial statements;

- determines the overall scope and plans of the external auditor's audit activities, including staffing, contractual arrangements and fees;
- reviews all audit reports provided by the external auditor;
- reviews the performance of the external auditor annually;
- satisfies itself that the auditor is independent from management;
- reviews any proposed activity or service by the providers of the external audit unrelated to external audit assurance activities;
- may recommend to the Board any action required to maintain or improve the overall quality of the Company's financial reporting and practices; and
- may undertake any other special duties as requested by the Board.

### **Processes**

The Committee meets as frequently as required to undertake its role effectively and properly. This is no less than twice a year. A quorum for the Committee meeting is when at least two members are present. Any relevant employees may be invited to attend the Committee meetings.

The issues discussed at each Committee meeting as well as the minutes of each meeting are reported at the next Board Meeting. The Chair of the Committee reports the Committee's recommendations to the Board after each meeting.

In exercising its role, the Committee may investigate any matter it considers relevant to this charter or relating to its role and scope. For this purpose, the Committee has full access to the Company's records, personnel and external support as required and deemed appropriate.

### **Appointment of External Auditor**

It is the Board's responsibility to appoint the external auditor. Candidates for the position of external auditor must be able to demonstrate independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

### **Review**

The Committee reviews and reassesses this Charter at least **annually**, and recommends any changes it considers appropriate to the Board.