

# MALABAR RESOURCES LIMITED

## AUDIT AND RISK COMMITTEE CHARTER

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### 1. Purpose

- 1.1. The Audit and Risk Committee Charter (the Charter) sets out the role, responsibilities, composition, authority, and membership requirements of the Audit and Risk Committee (ARC).

### 2. Audit and Risk Committee (“ARC”)

- 2.1. The Committee is a committee of Malabar Resources Limited’s Board (Board). The role of the Committee is to assist the Board in overseeing, monitoring, and reviewing the practices and governance of Malabar and its controlled entities in the following areas:
  - Financial reporting;
  - Internal control processes;
  - Risk management;
  - Compliance with legal and regulatory requirements; and
  - Cybersecurity and information loss risks.

### 3. Composition of the Committee

- 3.1. The ARC should be, as far as is practicable given the size of the Company, be comprised of a minimum of three non-executive directors’ members, the majority of whom are independent. Where there are not three or more non-executive directors of the Company, the Board may appoint executive directors to the Committee.
- 3.2. The Committee may invite any senior management team members or other individuals to attend meetings of the Committee. Any director who is not a member of the Committee may attend (but not vote at) a meeting of the Committee unless the Chairman determines otherwise.
- 3.3. **Chairperson:** the chairperson of the Committee is a person who is not the Chairman of the Board, appointed by the Board.
- 3.4. **Secretary:** the company secretary is the secretary of the Committee.
- 3.5. Each member of the ARC is to be financially literate and at least one member of the Committee is to have accounting or financial management experience.
- 3.6. If a member of the Committee retires, is removed, or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor if any.
- 3.7. Membership of the Committee will be disclosed in the Annual Report.

### 4. Meetings

- 4.1. Meetings are held at least four times during each year and more often as required.

- 4.2. Any Committee member or the secretary may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue, and agenda will be forwarded to each member of the Committee at least three days prior to the date of the meeting by the secretary. The notice for members will include relevant supporting papers for the agenda items to be discussed.
- 4.3. The Committee may have access to employees of Malabar and appropriate external advisers. The Committee may meet with these external advisers without management being present.
- 4.4. The chairperson of the Committee, or delegate, will report to the Board.
- 4.5. The Secretary will keep minutes of proceedings and resolutions of Committee meetings.
- 4.6. A quorum will comprise any two members. In the absence of the Committee chairperson or appointed delegate, the members will elect one of their number as chairperson for that meeting.
- 4.7. Each member will have one vote and the chairperson of the Committee will not have a second or casting vote.

## **5. Duties and Responsibilities**

The Committee is responsible for reviewing and making recommendations to the Board in relation to the following:

- 5.1. financial statements and other financial information (including those distributed externally) including in relation to whether they provide a true and fair view of the financial position and performance of the Company;
- 5.2. the certification provided by the Chairman and Chief Financial Officer in relation to the half year and full year financial statements;
- 5.3. the Company's material accounting policies and the appropriateness of accounting choices exercised by management in preparing the Company's financial statements;
- 5.4. matters related to the external audit, including:
  - 5.4.1. the scope and adequacy of the annual audit plan;
  - 5.4.2. the independence of the external auditors and their performance, considered at least on an annual basis;
  - 5.4.3. the procedures of the external auditors and rotation of audit partners;
  - 5.4.4. the provision of non-audit services by the external auditor;
  - 5.4.5. the appointment or dismissal of the external auditor and the terms of their engagement; and
  - 5.4.6. the reports of the external auditor and any material issues arising from their audits.
- 5.5. the scope and adequacy of internal audit functions;
- 5.6. the overall adequacy and effectiveness of the risk framework, risk identification and assessment process, disclosure of risks and risk culture of the Company, having regard to the fact that responsibility for some of these matters may be allocated to other Board Committees from time to time;

- 5.7. oversight of the management and mitigation of risks related to the areas noted under section 4;
- 5.8. the effectiveness of Malabar's corporate reporting processes and internal control framework, including information systems;
- 5.9. the Company's policies, practices, and systems for detecting, reporting and preventing fraud, serious breaches of conduct;
- 5.10. any material incident which has occurred involving fraud or other breakdown of the Company's internal controls;
- 5.11. compliance with relevant legislative and regulatory requirements to the extent that it may impact the Company's financial position;
- 5.12. any material taxation matters; and
- 5.13. considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products, and levels of authorities.

## **6. Powers of the Committee**

- 6.1. The Committee has an advisory role, consistent with its purpose of assisting the Board in relation to the matters with which it is charged with responsibility, and does not have any power to commit the Board to any recommendation or decision made by it except:
  - 6.1.1. for matters relating to the appointment, oversight, remuneration and replacement of the external auditors; and
  - 6.1.2. where and to the extent that it has express delegated authority from the Board.
- 6.2. The Committee has unrestricted access to management and to internal audit personnel as well as to the external auditors as it may consider appropriate for the proper performance of its function.

## **7. Reporting**

- 7.1. The Committee will prepare draft reports for Board consideration as required by law or as requested by the Board on the matters within its responsibility.
- 7.2. The Committee chairperson or the chairperson's nominee shall attend Board meetings and the annual general meeting prepared to respond to any director's or shareholder's questions (as applicable) on the Committee's activities.

## **8. Standing Rules**

- 8.1. The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms of this Charter.