

DOCUMENT CONTROL SHEET

DOCUMENT TITLE:

Audit, Risk and Compliance Committee Charter

DOCUMENT OWNER:



DOCUMENT PREPARED BY:

DOCUMENT REFERENCE No.:

CHZ_CHT_002

VERSION No.:

1

NEXT REVISION DATE:

30/6/2023

DOCUMENT APPROVAL

Action	Name	Role (Organisation)	Signature	Date
Review	Andrew Grove	Managing Director & CEO Chesser Resources Ltd		2021/07/29
Approval	Mark Connelly	Chairman Chesser Resources Ltd.		2021/07/29

DOCUMENT VERSION

Rev. No.	Modification Details	Major / Minor	Date
REV0	Original version	N/A	2013/06/21
REV1	No changes		2021/07/29

AUDIT, RISK AND COMPLIANCE CHARTER

1. Purpose

The Board of Directors of Chesser Resources Limited (*the Company or the Group*) has established an Audit, Risk and Compliance Committee (*ARCC*). The purpose of the Committee is to assist the Board in fulfilling its responsibilities to oversee the integrity of the Company's financial reporting, and to oversee the effectiveness of the Group's systems of internal control and risk management. In fulfilling this purpose, the *ARCC* will:

- review and assess the Company's processes which ensure the integrity of financial statements and reporting, and associated compliance with legal and regulatory requirements, including applicable accounting standards;
- review and assess the appointment, qualifications, independence, performance and remuneration of, and relationship with, the Company's external auditors and the integrity of the audit process as a whole;
- oversee the effectiveness of the Group's systems of internal controls and risk management including considering the appropriateness of implementing an internal audit function; and
- oversee the policies and procedures for ensuring the Group's compliance with relevant regulatory and legal requirements.

2. Role and Responsibilities

The role and responsibilities of the *ARCC* will include:

2.1 Integrity of financial statements and reporting:

- a. reviewing and recommending to the Board for approval the Company's draft annual and interim financial statements and other related information, to be released through the ASX to the shareholders and the wider financial community. The review process will include discussion with management and the external auditors prior to their submission and recommendation to the Board;
- b. reviewing and assessing the effectiveness of management's programs and policies, and discussing with the external auditors, the adequacy and effectiveness of internal controls over the Group's financial and reporting systems;
- c. reviewing any material changes in accounting or reporting requirements, and assessing subsequent effects on the Company's financial statements and the Group's policies and practices;
- d. reviewing any judgments made by management in respect of accruals, provisions, estimates, or the application of accounting policies, which materially affect the financial statements, as well as other sensitive matters, such as disclosure of unusual, complex or related party transactions; and

- e. reviewing and discussing with senior management and the external auditors the process and the disclosures made in respect of the certifications given by the Group Managing Director and Chief Financial Officer with respect to the financial statements of the Company pursuant to the Corporations Act.

2.2 Engagement with external auditors:

- a. reviewing with management the terms of external audit engagement in order to make recommendations to the Board concerning the appointment, re-appointment, rotation and removal of external auditors;
- b. reviewing and approving the terms of engagement and fees of external auditors;
- c. reviewing and assessing non-audit and assurance-related services to be provided by external auditors, with particular consideration to the potential of those services to impair external auditors' judgement or independence in respect of the Group;
- d. reviewing, assessing and approving the audit plans of the Company's external auditors, including the degree of co-ordination between the internal and external audit teams;
- e. reviewing and assessing the planned audit scope to ascertain the extent to which it can be relied upon to ensure that the financial report is free from material misstatement whether due to fraud or error. The review will include an evaluation of how the auditor will consider controls relevant to the preparation and fair presentation of the financial report;
- f. reviewing the summary management report prepared by external audit, including the significant findings and responses of management; and assessing any significant recommendations of the auditors to strengthen the internal controls and reporting systems of the Group;
- g. periodically meeting with the external auditors without the presence of management, to discuss the quality of the Group's accounting principles, material judgements, and any other matters that the Committee or external auditors deem appropriate;
- h. reviewing, assessing and monitoring management's responsiveness to external audit findings; and
- i. assessing and monitoring the performance and effectiveness of the Group's external auditors, including an assessment of auditor independence in accordance with regulatory requirements; and obtaining an independence declaration from each external auditor, as required;

2.3 Internal controls and risk management:

- a. reviewing management and internal audit reports on the effectiveness of the internal control, risk management systems and management of material business risks;
- b. reviewing and assessing the effectiveness of the internal controls, policies, programs, guidelines and procedures which form the Group's risk management framework and

reporting systems, assessing the effectiveness of the risk management framework and reporting systems, and controlling their financial impact; and

- c. reviewing and recommending to the Board those Group risk management, reporting and governance policies which require Board approval;

2.4 Internal Audit:

At the time of approving this Charter, the Board of Chesser Resources Limited considered that the nature, size and complexity of the Group's operations did not justify the establishment of an Internal Audit function. The ARCC will review at least annually the appropriateness of the Group establishing an Internal Audit function taking into consideration the ARCC's assessment of the nature, size and complexity of the Group's operations.

2.5 Legal and regulatory compliance:

- a. reviewing and assessing the effectiveness of the Group's Compliance Program in ensuring compliance with relevant regulatory and legal requirements;
- b. reviewing and assessing the effectiveness of internal processes for ensuring compliance with the Group's policies and procedures;
- c. reviewing compliance reports prepared by management in relation to the Group's compliance with statutory, legal and other regulatory requirements; and identifying and considering any matters that may have a material impact on the Group's activities, and report on those matters to the Board;
- d. obtaining regular updates from the Managing Director and other management, as appropriate, regarding any material litigation and the Group's compliance with significant statutory requirements; and
- e. reviewing, assessing and monitoring the effectiveness of the Group's policies and procedures on continuous disclosure and reporting on these to the Board.

2.6 Other areas of responsibility:

- a. reviewing and assessing the adequacy of the Group's insurances, including Directors' and Officers' Liability insurance at least annually; and
- b. performing any other duty or undertaking that the Board may request from time to time.

3. Structure and Composition

The Board of Chesser Resources Limited considers that the nature, size and complexity of the Group's operations did not justify the establishment of separate ARCC and as such the full Board will fulfill the role of the ARCC until such time as the nature, size and complexity of the Group's operations justifies the establishment of a separate ARCC.

- The Chairman of the Committee will be appointed by the Board and must be a non-executive director who is not the Chairman of the Board, and is considered by the Board to be independent.
- The Board may determine the appointment and term of any member of the Committee at anytime.
- Any directors of the Board who are not Committee members are entitled to attend Committee meetings and receive copies of the Committee papers.
- The Committee, through the Committee Chairman, may invite any Director, officer, employee, contractor or consultant or any other persons as deemed appropriate, to attend any meeting of the Audit Committee, for a duration as determined by the Chairman of the Committee.
- The Company Secretary will act as the Committee Secretary for all meetings of the Committee. The Committee Secretary or a nominee will take minutes, distribute these to Committee members for comment, and have these approved by the Committee Chairman as soon as practicable after each meeting.
- The minutes of each Committee meeting will be tabled as part of the Board papers for the next Board meeting occurring after the minutes have been approved by the Committee Chairman.

4. Meetings

- The Committee will meet at least two times annually and will hold additional meetings as it deems necessary.
- At a meeting of the Committee, the number of Committee members whose presence is necessary to constitute a quorum will be two (2).
- Any member of the Committee, the Chief Financial Officer or the external auditors may request the Chairman to convene a meeting of the Committee at any time. That request will be in writing and include an outline of the purpose for that meeting.
- The Chairman will convene a meeting for a date no later than 21 days after receipt of that request.
- The Committee Chairman is responsible for the conduct of all Committee meetings. Matters arising for determination at a Committee meeting must be decided by a majority of votes cast by the members present and entitled to vote on the matter. The Committee Chairman has a casting vote, subject to the terms of the Constitution.
- The Committee will be responsible for developing an annual agenda, to ensure that the Committee reviews, assesses or reports (as applicable) on each of the areas for which it is responsible under this Charter.

5. Access to Information and Independent Advice

5.1 The Committee has the authority to require:

- a. the attendance of any management or employee of the Group; and
- b. unrestricted and unfettered access to any information, document, report or material in the possession of any manager, employee or entity of the Group, and all employees and managers must comply with such requests from the Committee,

subject to any legal requirements, including any fiduciary or statutory duties of Committee members.

5.2 The Committee may engage any independent legal, financial or other advice as it considers necessary to perform its responsibilities under this Charter, at the Company's expense.

6. Reliance

6.1 The Committee members are entitled to rely on:

- a. information or advice of management and employees of the Company on matters within their area of responsibility; and
- b. the advice of internal and external counsel and other experts on matters within their areas of expertise, provided that reliance is permitted by law.

6.2 Before a Committee member can rely on information or advice referred to in clause 8.1, the Committee member must be satisfied that:

- a. there are no facts or circumstances that he or she is aware, or ought to be aware, which would deny reliance; and
- b. he or she has reviewed the information or advice, having regard to the member's knowledge of the Group.

7. Reports to the Board

The Committee will keep the Board informed of its activities through the provision of the minutes and Committee papers of each meeting. Additionally, the Committee Chairman will formally advise the Chairman of the Board of any matters or recommendations requiring the attention by the Board, and will ensure that the Board is made immediately aware of any matters brought to the attention of Committee Chairman, that may significantly impact the financial condition or reputation of the Group.

8. Self Assessment

- The Committee will assess its effectiveness periodically and report on its findings to the Board. The Committee will also participate in a formal review every two years, as part of the Board and Committee review process.
- The Committee will regularly review the Charter to ensure that it complies with applicable regulatory requirements and to assess the Charter against the *ASX Corporate Governance Principles and Recommendations*, and is appropriate for the nature, size and complexity of the Group's operations.

9. Amendment

This Charter cannot be amended without the approval of the Chesser Resources Limited Board.

10. Questions and Further Information

If you have any questions or need further information on how to comply with this policy, please contact the Company Secretary.