



Audit and Risk Committee Charter

Sierra Rutile Holdings Limited

ACN 613 822 165

Adopted by the Board with effect from 27 July 2022

1 Introduction

- (a) The Board of Directors (**Board**) of Sierra Rutile Holdings Limited (**the Company**) has established an Audit and Risk Committee (**the Committee**).
- (b) This Charter sets out the specific responsibilities delegated by the Board to the Committee and the Committee's objectives, authority, responsibilities, composition and operation.

2 Committee Membership

- (a) The Committee must consist of:
 - (1) a minimum of three members;
 - (2) only non-executive directors, a majority of whom are independent; and
 - (3) an independent director as Chair, who is not Chair of the Board.
- (b) All Committee members will be financially literate and the members between them must have accounting and financial expertise, operational or technical knowledge and a sufficient understanding of the industry in which the Company operates. At least one member should have relevant formal qualifications and experience (i.e. be a qualified accountant or other finance professional with experience of financial and accounting matters).
- (c) Members and the Chair of the Committee will be appointed by the Board.

3 Role and Responsibilities

3.1 Overview

- (a) The purpose of the Committee is to assist the Board to oversee the following for the Company:
 - (1) financial and other periodic corporate reporting;
 - (2) the external audit function and internal audit function (where it exists) and the relationship with the auditors;
 - (3) the implementation of the risk management framework and the processes for identifying and managing financial and non-financial risk;
 - (4) internal controls and systems;
 - (5) processes for monitoring compliance with applicable legal and regulatory requirements and internal codes of conduct;
 - (6) consideration of resources and reserves; and
 - (7) advising on the most suitable governance practices and processes to enable the Company to operate to a high standard and in an efficient manner.

- (b) The Committee will assist the Board by advising the Board and making appropriate recommendations in relation to aspects within its responsibilities. The Committee does not make decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.
- (c) The Committee will consider any matters or issues referred to it by other Committees that are relevant to its responsibilities.

3.2 Financial and corporate reporting and accounting

The responsibilities of the Committee include:

- (a) reviewing the Company's financial statements (including for compliance with the Accounting Standards and other requirements) and making the necessary recommendations to the Board, ensuring the financial statements reflect the understanding of the committee members;
- (b) ensuring the financial statements provide a true and fair view of the financial position and performance of the Company;
- (c) where required, reviewing the Company's other corporate and financial reporting;
- (d) overseeing the Company's disclosure processes, including the adequacy of those processes and the process to verify the integrity of periodic corporate reports the Company releases to the market that are not audited or reviewed by the external auditor;
- (e) reviewing the accounting policies, judgements and choice taken by management in preparing the financial reports, including significant changes in accounting policies; and
- (f) reviewing drafts of the Chief Executive Officer (**CEO**) and Financial Director (**FD**) declarations to be provided to the Board in relation to the Company's full year and half year financial statements.

3.3 External audit

The responsibilities of the Committee include:

- (a) reviewing with the external auditor its report on significant findings in the conduct of its audit and the adequacy of management's response, as well as any other matters relating to the conduct of the audit (including restrictions on access to activities or information), and monitoring whether any issues are being managed and rectified in an appropriate and timely manner;
- (b) reviewing annually and making recommendations to the Board regarding the external auditor's terms of engagement (including the audit plan) and other contractual terms;
- (c) approving the auditor's annual fees and other compensation;
- (d) approving the selection and removal of the external auditor, subject to any shareholder approval;
- (e) reviewing the performance, independence and objectivity of the external auditor at least annually, including considering the provision of non-audit services by the external auditor;
- (f) reviewing the procedures for selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (g) developing and overseeing the implementation of the Company's policy on the engagement of the external auditor for the provision of non-audit services and providing advice to the Board on the compatibility of any non-audit services with the general standard of auditor independence;

- (h) reviewing the effectiveness, scope and adequacy of the external audit and ensuring that any key financial risk areas for the Company and financial requirements are incorporated into the audit plan; and
- (i) providing a direct line of communication between the external auditor and the Board which is independent of management.

3.4 Internal audit

- (a) The Committee will review and make recommendations to the Board on the structure of any internal audit function.
- (b) Where an internal audit function exists, the responsibilities of the Committee include:
 - (1) reviewing the independence, performance and objectivity of the internal auditor and whether the internal audit function is adequately resourced;
 - (2) reviewing the scope and adequacy of the internal audit program, and approving the annual internal audit plan;
 - (3) reviewing significant internal audit findings and action taken by management to address these; and
 - (4) approving the appointment and dismissal of the head of the internal audit function.

3.5 Risk management and internal controls

The responsibilities of the Committee include:

- (a) overseeing the process for managing the Company's exposure to material financial and non-financial risks, including new and emerging risks;
- (b) overseeing and advising the Board on high-level risk related matters, including risk appetite and tolerance in determining strategy, as well as management of material risks;
- (c) reviewing the risk appetite within which the Board expects management to operate, and considering whether any changes should be made;
- (d) overseeing the senior executive team's implementation of the risk management framework, including the maintenance of a risk register;
- (e) overseeing that the senior executive team's processes for identifying, assessing, and responding to risks are appropriate and operating effectively;
- (f) recommending the Company's risk management framework (or any material changes to the framework) to the Board for approval;
- (g) reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board;
- (h) assessing the structure and adequacy of the Company's business continuity plans;
- (i) reviewing any incident involving fraud or other break down of the Company's internal controls;
- (j) reviewing the insurance strategy and determining the extent to which it aligns with the risk tolerance of the Company;
- (k) reviewing the risk disclosures in the Company's periodic reporting documents;

- (l) assessing sustainability issues which may affect the Company including whether the Company has exposure to environmental, community and social risks;
- (m) monitoring whether management is setting an appropriate 'control culture';
- (n) reviewing the Company's internal control framework for ensuring compliance with laws, regulations and internal codes of conduct;
- (o) monitoring compliance with the Company's Whistleblower Policy and receiving information regarding any material incidents reported under the Whistleblower Policy and actions taken by management in relation to such incidents; and
- (p) monitoring compliance with the Company's Anti-Bribery and Corruption Policy and receiving information regarding any material breaches of the Policy and actions taken by management in relation to such breaches.

3.6 Compliance

The responsibilities of the Committee include:

- (a) reviewing the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company); and
- (b) considering with management and (as required, the external auditor) the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.

3.7 Reserves and Resources

The Committee assists the Board with regard to the Company's consideration of reserves and resources. The responsibilities of the Committee in relation to reserves and resources include:

- (a) reviewing and assessing the appropriateness of the process and determination used by management in preparing the annual Ore Reserves and Mineral Resources Statement;
- (b) considering reports in relation to reserves and resources with information in those reports ultimately being included in the Annual Report; and
- (c) approve the appointment of the Company's Competent Persons.

3.8 Governance

In relation to Governance the responsibilities of the Committee include:

- (a) reviewing the Company's Corporate Governance Statement and recommending it to the Board for approval;
- (b) monitoring significant legal and regulatory developments related to corporate governance and making recommendations to the Board regarding the Company's corporate governance framework, practices and processes; and
- (c) ensuring that the governance framework is 'fit for purpose' and continues to support and facilitate good practice.

4 Committee Process

4.1 Meetings

- (a) It is intended that the Committee will meet at least twice a year. Meetings may be requested by any member of the Committee.
- (b) A quorum for the Committee meetings is two members.
- (c) Directors who are not members of the Committee have a standing invitation to attend Committee meetings.
- (d) The Chair may invite senior executives or other persons to attend meetings as appropriate.
- (e) The Committee will regularly meet with the external auditor and the risk manager, without management present.

4.2 Secretarial

The Company Secretary or their delegate will be the secretary of the Committee and will be responsible for the minutes of meetings.

4.3 Reporting to the Board

- (a) The Committee Chair will report to the Board after each Committee meeting and will make recommendations to the Board as appropriate.
- (b) A copy of the minutes of the Committee will also be provided to the Board with the Board papers.
- (c) The Committee will also consider if any material matters arising out of the Committee meeting should be advised to any other Committee and, if so, recommend to the Board that this occurs.

4.4 Access to Information and Independent Advice

- (a) The Committee is to have access to adequate internal and external resources. The Committee has the authority to obtain information, interview management (including the risk manager) and external auditors (with or without management present), and all employees must comply with such requests from the Committee.
- (b) The Committee may seek the advice of the Company's auditors, solicitors or other independent advisors as to any matter pertaining to the powers, duties or responsibilities of the Committee as required.

5 Review Process

The Board will periodically review the membership and Charter of the Committee to determine their adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, Charter, functions or otherwise.