Ragnar Metals Limited
ACN 108 560 069
(Company)

Audit and Risk Management Committee Charter

1. Membership

If the Board considers that it will be of benefit to the Company, it will create an Audit and Risk Management Committee (**Committee**), which will consist of at least three members. Members will be appointed by the Board from amongst the Non-Executive Directors, a majority of whom, where possible, will also be independent. The Board may remove and replace members of the Committee by a majority of the Board then in office.

In addition, the Committee will comprise:

(a) members who can all read and understand financial statements and are otherwise financially literate;

(b) at least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and

(c) at least one member who has an understanding of the industry in which the Company operates.

Where the Board does not consider that the Company will benefit from a separate Audit and Risk Management Committee, the Board will carry out the duties of that Committee as prescribed under this Charter.

2. Chairman

The Committee will appoint an independent Director, other than the Chairman of the Board, to be the Chairman of the Committee (**Chairman**).

3. Secretary

The Company Secretary will be the Secretary of the Committee (**Secretary**).

4. Other attendees

4.1 The Managing Director (or person in an equivalent role) as well as other members of senior management may be invited to be present for all or part of the meetings of the Committee, but will not be members of the Committee.

4.2 Representatives of the external auditor are expected to attend each meeting of the Committee and at least once a year the Committee shall meet with the external auditors without any management staff or executives present.

5. Quorum

A quorum will be a majority of members.

6. Meetings

Committee meetings will be held not less than two times a year so as to enable the Committee to undertake its role effectively. In addition, the Chairman will be required to call a meeting of the Committee if requested to do so by any member of the Committee, the Managing Director, or the external auditor.

7. Authority

7.1 The Committee is authorised by the Board to investigate any activity within its Charter. The Committee will have access to management and auditors with or without management present and has rights to seek explanations and additional information. Members of the Committee have rights of access to the books and records of the Company to enable them to discharge their duties as members of the Committee, except where the Board determines that such access would be adverse to the Company's interests. The Committee is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee.

7.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary to complement the technical abilities of the existing members.

7.3 The Committee is required to make recommendations to the Board on all matters within the Committee's Charter.

7.4 The Committee may initiate special investigations as it thinks fit, or as directed by the Board in relation to its responsibilities.

8. Reporting procedures

The Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chairman of the Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Committee meeting along with any recommendations of the Committee. All minutes will be entered into a minute book maintained for that purpose and will be available for inspection by any Director.

9. Reliance on professional or expert advice and information

Each member of the Committee will be entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

(a) an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;

(b) a professional advisor or expert in relation to matters that the member believes on reasonable grounds to be within the advisor's or expert's professional or expert competence; or

(c) another Director or officer of the Company in relation to matters within the Director's or officer's authority.

10. Responsibilities of the Committee

The Committee is responsible for reviewing the integrity and adequacy of the Company's corporate reporting, overseeing the independence of the external auditors and the function of internal control procedures (**Audit Limb**) and oversight of the Company's risk management and control framework (**Risk Limb**). An explanation of the roles and duties of each limb is set out below.

11. Audit Limb

11.1 Corporate statements

The Committee shall:

(a) before it approves the entity's financial statements for a financial period, receive from its Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**) a declaration (partly for the purposes of section 295A of the *Corporations Act 2001* (Cth) (Corporations Act)) (**Declaration**) that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively;

(b) review the audited annual and half-yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:

  (i) the appropriateness of the accounting judgements or choices exercised by management in preparing the financial statements and the integrity of the Company's financial reporting;

  (ii) whether they reflect the understanding of the Committee, and otherwise provide a true and fair view of the financial position and performance of the entity;

  (iii) any changes in accounting policies and practices;

  (iv) major areas of judgement;

  (v) significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;

  (vi) compliance with accounting policies and standards; and

  (vii) compliance with legal requirements;

(c) review any periodic corporate reports including annual directors' reports, quarterly activity reports, quarterly cashflow reports and sustainability reports to ensure that the reports are:

  (i) balanced;

  (ii) materially accurate; and

  (iii) provide investors with appropriate information to make informed investment decisions,

  before submission to the Board, recommending their approval;

(d) review the evaluation by management of factors related to the independence of the Company's public accountant and assist them in the preservation of such independence; and

(e) oversee the appointment of the Company's public accountant by the Board.

11.2 Related party transactions

The Committee shall monitor and review the propriety of any related party transactions.

11.3 External audit function

The Committee shall:

(a) recommend to the Board procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;

(b) recommend to the Board the appointment of the external auditor;

(c) annually review and make recommendations to the Board regarding the appointment of the external auditor, their performance and independence, the audit fee, and any questions of resignation or dismissal;

(d) discuss with the external auditor before the audit commences the nature and scope of the audit;

(e) review and make recommendations to the Board as to the scope and adequacy of the external audit;

(f) meet privately with the external auditor on at least an annual basis;

(g) determine that no management restrictions are being placed upon the external auditor;

(h) discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);

(i) review the external auditor's management letter and management's response;

(j) review any regulatory reports on the Company's operations and management's response;

(k) pre-approve any non-audit services (i.e. any services provided other than in connection with the audit or review of financial statements) to be rendered by the Company's external auditor, including the terms and the fees; and

(l) ensure that the CFO reports to the Committee on a periodic basis regarding any non-audit services provided by the auditor and the level of fees paid for providing such services.

11.4 Internal audit function

Where there is no internal audit function, the Committee should monitor the need for an internal audit function having regard to the size, geographic location and complexity of the Company's operations.

Where there is an internal audit function, the Committee should review and assess key areas relating to the internal audit of the Company. In particular, the Committee should:

(a) approve the appointment or removal of any internal auditor. Where the internal auditor is an executive of the Company, or where the internal auditor is an external contractor, approve the appointment and the internal auditor's terms of engagement;

(b) review and assess the scope and adequacy of any internal audit and any internal audit plan, work program and resources;

(c) assess the independence, performance and objectivity of any internal audit procedures that may be in place;

(d) review and monitor management's responsiveness to the internal audit findings, including implementing any changes recommended by the internal auditor; and

(e) on a regular basis, meet with any internal auditor without the presence of management.

11.5 Communication

The Committee shall:

(a) provide, through regular meetings, a forum for communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors;

(b) enhance the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public; and

(c) establish procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports (including the ability to submit complaints and reports anonymously).

11.6 Assessment of effectiveness

The Committee shall:

(a) evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with the Board and the external auditors; and

(b) arrange for the annual review of this Charter by the Board.

12. Risk Limb

12.1 Responsibility

(a) The Committee is responsible for the development, oversight and review of the Company's risk management and control framework (**Framework**).

(b) Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the Framework.

12.2 Primary objectives

The primary objectives of the risk management system at the Company are to ensure:

(a) all major sources of potential opportunity for any harm to the Company (both existing and potential) are identified, analysed and treated appropriately, whether to the Company as a whole or to specific business activities within the Company;

(b) business decisions throughout the Company appropriately balance the risk and reward trade off;

(c) regulatory compliance and integrity in reporting are achieved; and

(d) senior management, the Board and investors understand the risk profile of the Company.

12.3 Risk Management System

In line with these objectives the risk management system covers:

(a) operational risk;

(b) financial reporting;

(c) compliance and regulations; and

(d) system and information technology process risk.

12.4 Oversight

The Committee shall:

(a) oversee the establishment and implementation by the Board of a system for identifying, assessing, monitoring and managing material risk throughout the Company. This system will include the Company's internal compliance and control systems;

(b) annually review the Company's Framework to satisfy itself that it continues to be sound including that it deals adequately with contemporary and emerging risks, such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change;

(c) regularly review and make recommendations to the Board in relation to changes and updates that should be made to the Company's Framework or to the risk appetite or risk profile set by the Board;

(d) annually review the Company's risk management systems to ensure the exposure to the various categories of risk are minimised prior to endorsement by the Board;

(e) ensure that the Company's systems of internal control include procedures for reporting immediately to management and/or the Board any major control weaknesses that are identified;

(f) monitor management's performance against the Company's Framework, including whether it is operating within the risk appetite set by the Board;

(g) evaluate the Company's exposure to fraud;

(h) require reports concerning material actual and suspected breaches of the law, including fraud and theft, and systems to manage this risk;

(i) review any material incidents involving fraud or a breakdown of the Company's risk controls and the 'lessons learned';

(j) receive and review any reports from the Company’s internal audit on its reviews of the adequacy of the Company’s processes for managing risk;

(k) receive and review reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;

(l) take an active interest in ethical considerations regarding the Company’s policies and practices;

(m) oversee the Company’s insurance program, having regard to the Company’s business and insurable risks associated with its business;

(n) monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;

(o) identify and direct any special projects or investigations deemed necessary;

(p) ensure the appropriate engagement, employment and deployment of all employees under statutory obligations;

(q) ensure a safe working culture is sustained in the workforce.

12.5 Monitoring risk

Arrangements put in place by the Committee to monitor risk management include:

(a) monthly reporting to the Board in respect of operations and the financial position of the Company;

(b) quarterly rolling forecasts prepared;

(c) circulation of minutes of relevant committees to the Board and the Chairman of each respective committee;

(d) bringing to the attention of the Board any instances where the Company is required to operate outside of the risk appetite set by the Board; and

(e) a report to the Board by the Committee to be provided on an annual basis.

12.6 Material business risks and reporting

(a) Given the nature of the Company’s business it is subject to general risks and certain specific risks. Some of these risks include, but are not limited to, the following:

  (i) liquidity risk;

  (ii) operating risks;

  (iii) loss of key personnel;

  (iv) reliance on strategic partners; and

  (v) capital requirements.

(b) The analysis and evaluation criteria are used to continually assess the impact of risks upon the Company’s business objectives. The Committee is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. The annual business planning process includes careful consideration of internal and external risk profile of the Company.

(c) The Managing Director and CFO (or equivalent) will report monthly to the Board on the areas they are responsible for, including material business risks and provide an annual written report to the Board summarising the effectiveness of the Company's management of material business risks.

(d) The Company's business risk management process provides a comprehensive, integrated approach for carrying out risk management activities. This process will allow the Committee to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value.

12.7 Integrity of financial reporting

The Company's CEO and CFO (or equivalent) must provide the Declaration in writing to the Board that:

(a) the financial statements of the Company and its controlled entities (where appropriate) for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;

(b) the statement in clause 12.7(a) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and

(c) the Company's Framework and internal compliance and controls are operating efficiently and effectively in all material respects.

Note: Under section 295A(4) of the Corporations Act a person performs *a chief executive function* in relation to the Company if that person is the person who is primarily and directly responsible to the Directors for the general and overall management of the Company.

In addition, in the event that there is not a CFO in place, section 295A(6) of the Corporations Act provides that a person performs a *chief financial officer function* in relation to the Company if that person is the person who is primarily responsible for financial matters in relation to the Company and directly responsible for those matters to either the Directors or the person who performs the chief executive function in relation to the Company.

The persons fulfilling these respective roles will be identified by the Board with the appropriate declarations made as required.

13. Review

This Charter will be reviewed annually by the Committee with any proposed changes to be approved by the Board.

Annexure A – Factors Relevant to Independence of Director

Examples of interests, positions and relationships that might raise issues about the independence of a director include if the director:

(a) is, or has been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;

(b) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;

(c) is, or has been within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with the Company or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;

(d) is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;

(e) has close personal ties with any person who falls within any of the categories described above; or

(f) has been a director of the Company for such a period that his or her independence from management and substantial holders may have been compromised.

In each case, the materiality of the interest, position, or relationship needs to be assessed by the Board to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party.

The Board employs a materiality threshold in judging whether customer, supplier, consultant or professional adviser relationships affect the independence of Directors.

A relationship is presumed immaterial when it generates less than 5% of group revenue, and presumed material when it generates more than 10% of group revenue during a 12-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence or argument, the Board takes into account the strategic value and other material but non-quantitative aspects of the relationship in question.

The threshold for the purpose of assessing the materiality of relationships between a non-executive Director and the Company (other than as a Director) is set according to the significance of that relationship to the Director in the context of their activities as a whole.