



Audit and Risk Committee Charter

January 2015

CONTENTS

Introduction
Role
Responsibilities
Authority
Composition
Meetings

INTRODUCTION

The Audit and Risk Committee (**Committee**) is appointed to assist the Board (**Board**) of Mirabela Nickel Limited (**Company**) in fulfilling its responsibilities for financial reporting, external audit, risk management and internal controls.

The Committee seeks to be an effective mechanism to bring transparency, focus and independent judgement needed to oversee the financial reporting processes and risk management framework of the Company

ROLE

The role of the Committee is to monitor, review and make recommendations to the Board in relation to:

- (a) the integrity of the accounting and financial statements and accompanying reports, and the financial reporting processes of the Company and its subsidiaries (**Group**) including significant financial reporting judgements;
- (b) the Group's compliance with applicable accounting standards and policies and statutory and regulatory accounting requirements to give a true and fair view of the financial position and performance of the Group;
- (c) the Group's internal control systems;
- (d) the Group's external audit processes, including the appointment, evaluation and management of the Group's external auditor and the appropriateness of any non – audit services provided by the auditor; and
- (e) maintaining a sound system of identification, assessment, reporting and management of risk.

RESPONSIBILITIES

The responsibilities of the Committee are as set out in **Annexure A, Audit and Risk Committee Responsibilities**.



AUTHORITY

The Committee has authority to conduct investigations into any matters within its scope of responsibility. It is empowered to:

- (a) appoint, compensate and oversee the work of any auditor retained by the Group;
- (b) resolve any disagreements between management of the Group (Management) and the external auditor on financial reporting;
- (c) subject to consultation with the Chairman of the Board, retain independent counsel, accountants or other external consultants or specialists to advise the Committee or assist in the conduct of an investigation at the Group's expense;
- (d) interview or seek any information it requires from Management, employees – all of whom are directed to cooperate with the Committee's requests – or from external parties, including the external auditor, with or without Management present;
- (e) review Management's accounting policies and procedures and auditing methodology; and
- (f) approve all auditing and permissible non-audit services.

COMPOSITION

MEMBERSHIP

The Committee members (**Committee Members**) will be appointed by the Board and will be comprised of:

- (a) at least 3 members;
- (b) all non-executive directors, the majority of whom are independent; and
- (c) a Chairman, who will be an independent director and not the Chairman of the Board.

EXPERTISE

Each member of the Committee will be financially literate.

At least one member of the Committee will have accounting or related financial expertise and qualifications.

At least one member of the Committee will have an understanding of the industry in which the Group operates

Committee Members between them should have the necessary technical knowledge to assess, review and advise the Board in relation to Company risk.

MEETINGS

FREQUENCY

The Committee will meet at least four times per year.

The Chairman of the Committee may convene additional meetings as required, or, at the request of a Committee Member, the Company Secretary (**Secretary**) or external auditor.



INVITEES

The Committee will invite members of Management, auditors or others to attend meetings and provide pertinent information as necessary.

ATTENDANCE AND QUORUM

All Committee members are expected to attend each meeting in person or through teleconference or video conference.

A quorum will comprise any two Committee members.

NOTICE AND MINUTES

A notice of each meeting will be forwarded to each Committee Member and any invitees together with a meeting agenda and appropriate briefing materials.

Minutes and resolutions of the Committee will be maintained by the Secretary and will be distributed to all Committee Members and the Chairman following approval by the Committee Chairman.

REPORTING TO THE BOARD

The Committee Chairman will report to the Board at the next Board meeting on the proceedings of the meeting of the Committee.

The Committee will, periodically, provide a written report to the Board on all matters within the scope of its responsibility.

APPROVAL AND ADOPTION

This Audit and Risk Committee Charter was updated and approved by the Board on 8 January 2015. Any amendments to this Audit and Risk Committee Charter are subject to approval by the Board.

ANNEXURE A: DUTIES OF THE AUDIT AND RISK COMMITTEE

The Committee has the following duties:

FINANCIAL STATEMENTS

Review and make recommendations to the Board in relation to:

- (a) the Company's half yearly and annual financial statements and any other financial statements that are required to be publically disclosed;
- (b) whether, in the view of the Committee, the statements reflect a true and fair view of the financial position and performance of the Company, and if so, recommend that they be signed by the Board;
- (c) the appropriateness of Management's accounting policies and principles and any changes to them;
- (d) the appropriateness of the accounting judgments or choices exercised by Management in preparing the Company's financial statements;
- (e) related party transactions and the adequacy of their disclosure in the financial statements; and
- (f) whether the financial statements and any accompanying reports and statements should be signed based on the Committee's assessment of them.

EXTERNAL AUDIT

Review and assess the key areas relating to the external audit of the company, including:

- (a) the appointment, reappointment or replacement of the external auditor
- (b) the independence and performance of the external auditor;
- (c) the rotation of the audit engagement partner;
- (d) the scope and adequacy of the external audit and the terms of engagement of the external auditor;
- (e) the scope and adequacy of the external audit;
- (f) the independence and effectiveness of the external auditor;
- (g) any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor; and
- (h) Management's response to the external audit findings.

In addition, the Committee will:

- (a) meet with the external audit provider, without management personnel being present, at least annually;
- (b) ensure that the external auditor is in attendance at the AGM of the Company and is available to answer questions from shareholders.

INTERNAL AUDIT

The group is not currently of a size that can support an internal audit function. However the Committee will monitor and review the need for an internal audit function on a regular basis.



RISK MANAGEMENT

The Committee is responsible for the internal controls, including the Company's policies and procedures, to assess, monitor and manage risks in accordance with the Risk Management Policy of the Company. The Committee is responsible for:

- (a) ensuring that the Company has an appropriate risk management framework in place to identify and manage risk on an ongoing basis;
- (b) oversight of the Group's system of risk management and internal control;
- (c) review of the operational effectiveness and adequacy of the policies and procedures relating to risk and the Group's control environment;
- (d) monitoring Management's design and implementation of a risk management and internal control system to manage the Group's material business risks;
- (e) reviewing:
 - (i) reports from Management on whether material business risks are being managed effectively;
 - (ii) treasury policy and procedures; and
 - (iii) the adequacy of insurances having regard to the Company's business and the insurable risks associated with its business;
- (f) reviewing and making recommendations to the Board in relation to any incident involving fraud or other break down of the entity's internal controls;
- (g) reviewing and approving hedging strategies; and
- (h) for the purposes of inclusion in the Company director's report, describe the main internal and external risk sources that could adversely affect the entity's prospects for the future financial years;
- (i) assess and disclose whether the Company has any material exposure to economic, environmental and social sustainability risks, and if so, determine how it will manage those risks;
- (j) making recommendations to the Board in relation to all of the above matters.

DISCLOSURE

The Committee will ensure that it discloses to the market the:

- (a) Audit and Risk Committee Charter;
- (b) relevant qualifications and experience of the members of the Committee; and
- (c) number of times the Committee met throughout the period and the individual attendances of the members at those meetings.

INTERNAL COMMUNICATIONS AND REPORTING

The Committee will provide copies of minutes of Committee meetings to the next meeting of the Board.



OTHER MATTERS

The Committee will:

- (a) Review the Committee Charter annually, and update as required.
- (b) Review the Company's Risk Management framework at least annually to satisfy itself that it continues to be sound; and
- (c) Disclose, in relation to each reporting period, whether such a review has taken place, including, where appropriate, details of any insight the Company has gained from the review and any changes it has made to its risk management framework as a result.