



# MIKOH Corporation Limited

## Audit, Corporate Governance and Risk Management Committee Charter

This Charter sets out the responsibilities of the Audit, Corporate Governance, and Risk Management Committee (“Committee”), its membership criteria and the manner in which the Committee’s activities should be conducted.

The Board will determine the composition of the Committee and its terms of reference. Any changes will require Board approval. The composition and the terms of reference of the Committee are to be reviewed at least every two years.

### 1. THE ROLE OF THE COMMITTEE

The role of the Committee is to provide advice and assistance to the Board on audit, corporate governance, and risk management matters including:

- Fulfil its audit, accounting and reporting obligations;
- Monitor the performance and independence of the external auditors;
- Reviewing the annual, half-year, and other financial information distributed externally;
- Ensuring compliance with Australian Accounting Standards, the Corporations Act 2001, ASX Listing Rules and other regulatory requirements and assessing whether the financial information is adequate for shareholder needs;
- Assessing the adequacy of the internal control framework, potential fraud situations and ensuring prompt and appropriate rectification of any deficiencies or breakdowns identified in systems; and
- Assessing the Company’s corporate governance and risk assessment processes.

### 2. MEMBERSHIP

The Committee shall comprise a minimum of two Directors, all of which are independent non-executive Directors. All Committee members must have appropriate financial and business expertise to act effectively as members of the Committee.

Currently the members of the Committee are:

- Mr Riad Tayeh; and
- Mr Tony Snape

Mr Tayeh is the Chairman of this Committee and the Company Secretary will act as the secretary to the Committee. Representatives from management and external advisors may be requested from time to time to attend and/or report to the Committee.

### **3. RESPONSIBILITIES AND AUTHORITY**

#### **3.1 Financial Reporting**

In respect of financial reporting responsibilities of the Company, the Committee will be responsible for:

##### **3.1.1 Reviewing and approving:**

The procedures for compliance with the statutory responsibilities relating to financial disclosure including;

- The adequacy of financial statement disclosure;
- Accounting policies adopted;
- The nature and impact of any changes in accounting policies during the relevant reporting period; and;
- Policies and practices for asset valuations and write-downs.

##### **3.1.2 Reviewing and recommending to the Board:**

- All statutory financial reports, appropriateness of accounting policies and financial reporting disclosures, compliance with accounting standards, ASX rules and legal requirements; and
- All financial results to be reported to shareholders including disclosure covering governance issues.

#### **3.2 External Audit**

In respect of external audits the Committee shall be responsible for:

- Reviewing and approving the terms of engagement of external auditors;
- Reviewing and approving audit policy, annual audit plans and audit fees;
- Liaising with the external auditors on the results of their audit and reviewing and discussing their closing reports; ensuring that management responds to recommendations by the external auditors and the Committee shall review all management responses made to external auditors;
- Consequential action required, if any, resulting from discussions with auditors and/or the review of their audit reports, management letters and engagement letters;
- Reviewing the performance of the external auditors
- Reviewing the independence and objectivity of external auditors;
- Reviewing and recommending to the Board any changes to the external auditors.

### 3.3 Risk Management

In respect of risk management policies to be established by the Company, the Committee will be responsible for:

- Considering the risk profile of the Company as identified by management;
- Ensuring an appropriate risk management plan is established and documented;
- Ensuring and approving risk management processes including an ongoing assessment of internal control systems; and
- Reviewing and approving the annual insurance renewal process including the levels of insurance cover.

#### 3.3.1 Establishing Risk Management and Compliance and Control Systems:

The Company's policy on internal control must comprise the Company's internal compliance and control systems, including:

- (a) **Functional Speciality Reporting:** Key areas including treasury, operations, environmental, legal and financial matters must subject to regular reporting to the Board;
- (b) **Investment Appraisal:** Guidelines for capital expenditure where tenements are being acquired or divested must include annual budgets, detailed appraisal and review procedures and due diligence requirements.

#### 3.3.2 Comprehensive practices must be established to ensure that:

- There are appropriate levels of authority in place;
- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the use of derivatives;
- Occupational health and safety standards and management systems are monitored and reviewed so as to ensure that they are in compliance with regulations;
- Business transactions are properly authorised and executed;
- Monthly actual results are reported against forecasts approved by the Directors and that forecasts for the year are revised regularly;
- Formal ethical standards appraisals are conducted at least annually for all employees to ensure that they are complying with the Company's Code of Ethics;
- A formal succession plan is in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur; and

### **3.4 Corporate Governance**

The Committee will also:

- Ensure that appropriate corporate governance structures are identified and implemented having regard to the size and nature of the Company's operations and the ASX 'Good Corporate Governance Principles'; and
- Review the corporate governance structures of the Company at least every two years and make recommendations to the Board as to any changes the Committee considers appropriate.

### **3.5 Other**

The Committee will also:

- Pre- approve all non-audit services to be undertaken by the external auditor;
- Assess the consistency of external reporting and the adequacy of investor needs;
- Review and recommend changes to the annual and half-yearly reports and approve the corporate governance section of those reports; and
- Consider any other matters referred to it by the Board from time to time.

### **3.6 Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities.

### **3.7 Reporting to the Board**

The Chairman of the Committee will report to the Board on its activities at least six times a year (quarterly after each quarterly report and after approval of the half-yearly and yearly reports) usually at the next Board meeting following a Committee meeting.

The Committee will report immediately to the Board on any matter that it becomes aware of that could have an adverse affect on the Company and accordingly the shareholders.

## **4. DUTIES**

### **4.1 Duty to Disclosure Conflict of Interest**

Members of the Committee must disclose any direct or indirect pecuniary interest they have in any matter being considered. If such interest could conflict with the proper performance of their duties the Committee member is not permitted to participate in any discussions in relation to the matter being considered.

### **4.2 Duty to Act Honestly**

Members of the Committee must act honestly and exercise the degree of care and diligence that a reasonable person would exercise if they were in the Committee member's position.

## **5. RESOURCES AND RIGHTS OF ACCESS**

The Board is to ensure that the Committee is provided with adequate resources and authority to discharge its responsibilities, including access to relevant information and records relating to the operations of the Group as required.

The Committee may commission professional assistance with the general expectation that the Managing Director will receive prior consultation on the matter and subject to the Managing Director approving the expense.

## **6. MEETINGS AND RECORD KEEPING**

Meetings of the Committee are to be held at least six times a year and at such other times as the Chairman of the Committee shall require. A schedule of proposed meetings will be drawn up in advance for the ensuing year and distributed to the members of the Committee.

The Committee will prepare an annual schedule of agenda items to be considered throughout the year having regard to its responsibilities outlined above.

The Secretary will ensure that members and management are aware of the requirements to produce papers and attend meetings. Papers for meetings will be distributed to the Committee members at least three business days prior to the scheduled meeting.

Meetings may be held in person, by phone, video conference or such other technology as is agreed by the Committee members.

A quorum for any meeting shall consist of two members, one of which must be an independent non-executive director.

The Secretary will take minutes of all the meetings held, and keep records of all reports and recommendations made by the Committee. Any dissenting member shall be entitled to have the opinion of that member recorded in the minutes.

A resolution evidenced in writing under the hands of all Committee members shall be as valid and effectual as a resolution duly passed at a meeting of the Committee. Any such resolution may consist of several documents in like form signed by one or more Committee members.

The Board may exercise its discretion in relation to approving recommendation of the Committee and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

## **7. REVIEW**

The Committee will review its performance and compliance with its terms of reference annually by taking into consideration any assessment or commentary provided by the Chairman of the Board.