

# Audit Committee Charter

Rimfire Pacific Mining N.L.

ACN 006 911 744



Adopted on: 25 September 2020  
Next Review Date: September 2021

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## **1. Scope**

- 1.1 The Audit Committee is a Committee of the Board of the Company with the specific powers delegated under this Charter. The Charter sets out the Audit Committee's function, composition, mode of operation, authority and responsibilities.
- 1.2 The Board established the Audit Committee under the Company's constitution.
- 1.3 The role of the Audit Committee is not an executive role.

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## **2. Function**

- 2.1 The primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company. In addition, the Committee will:
  - (a) oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and internal auditors (if and when appointed);
  - (b) determine the independence and effectiveness of the external and internal auditors;
  - (c) maintain open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
  - (d) to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and
  - (e) review the adequacy of the reporting and accounting controls of the Company.
- 2.2 The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of the Company or professional advisers where appropriate.

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## **3. Membership and Composition**

- 3.1 The Board shall appoint the members of the Committee. The Committee will comprise:
  - (a) at least three members;
  - (b) only Non-executive Directors;
  - (c) a majority of Independent Directors;
  - (d) an Independent Chairperson appointed by the Board and who is not the Chairperson of the Board; and
  - (e) where possible, members with sufficient financial skills and experience relevant to the Committee's function.

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## **4. Meetings**

- 4.1 The Committee shall
  - (a) meet as frequently as required but at least two times per year; and
  - (b) the minimum quorum for a committee meeting is two members.
- 4.2 The secretary of the Committee is the Company Secretary.

- 4.3 The internal (if applicable) or external auditors may request a meeting and such a request is to be met.
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## **5. Authority**

- 5.1 In performing its functions in accordance with any applicable law, the Committee:
- (a) has unrestricted access to the external auditors, the internal audit firm (if applicable), Senior Management and employees of the Company. Management and employees are directed to co-operate with Committee's requests or from external parties;
  - (b) has unrestricted access to information and reports relevant to fulfilling its responsibilities;
  - (c) may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee; and
  - (d) shall have the power to conduct or authorise investigations into any matters within the committee's scope of responsibilities or when requested by the Board.
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## **6. Responsibilities**

- 6.1 The Committee must promote an environment within the Company which is consistent with creditable and objective financial reporting. In particular, the Committee must:
- (a) perform an independent review of financial information prepared by management for external reporting. This will include conducting reviews of the annual report, Directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information required by law;
  - (b) monitor the integrity and effectiveness of financial reporting processes;
  - (c) review and assess the external audit arrangements and the results of the audit;
  - (d) appoint, review and assess the internal audit arrangements (as applicable), and consider significant internal audit findings and management's responses and related actions;
  - (e) review and ensure implementation of recent professional and regulatory announcements; and
  - (f) ensure that appropriate policies are established and adequate systems are in place to identify and disclose related-party transactions and assess the propriety of any related party transactions.
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## **7. Internal Audit Function**

- 7.1 The Audit Committee is responsible for determining the need and appropriateness of an internal audit function within the Company. At the present time, given the nature and scope of the Company's business operations, the Board have resolved not to maintain an internal audit function. The Board has resolved that the requirement for an internal audit capability be reviewed regularly on the recommendation of the Audit Committee. If it is determined that the Company ought to have an internal audit function, the Committee shall report to the Board on the internal audit function (if applicable) including:
- (a) monitoring the need for a formal internal audit function and its scope;

- (b) assessing the performance and objectivity of any internal audit procedures that may be in place;
  - (c) reviewing risk management and internal compliance procedures;
  - (d) monitoring the quality of the accounting function; and
- reviewing the internal controls of the Company via consideration of any comments from the Company's internal and/or external auditors and/or commissioning an independent report on the Company's internal controls.
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## **8. External Audit Arrangements**

- 8.1 The Committee shall report to the Board on external audit arrangements, including:
- (a) making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
  - (b) review and approve the terms of engagement for the external auditor;
  - (c) review the scope of the external audit with the external auditor including identified risk areas;
  - (d) monitor the performance of the external audit including assessment of the quality and rigour of the audit, quality of the service provided and the audit firm's internal quality control procedures;
  - (e) review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditors' independence;
  - (f) review and monitor management's responsiveness to the external audit findings; and
  - (g) on a periodic basis, meet with the external auditor without the presence of management.
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## **9. Appointment of External Auditor**

- 9.1 Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.
- 9.2 The Committee and the Board will consider the appointment in conjunction with Senior Management.
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## **10. Rotation and Succession Planning**

- 10.1 The Committee will discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner.
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## **11. Reliance on information or professional or expert advice**

- 11.1 Each member of the Committee is 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 Group whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;

- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
  - (c) another Director or officer of the Group in relation to matters within the Director's or officer's authority.
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## **12. Management Sign-off Procedures**

- 12.1 The Audit Committee will ensure that the Managing Director/CEO and Chief Financial Officer prepare a written statement to the Board certifying that the Company's annual financial report and half yearly financial report present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance and are in accordance with relevant accounting standards.
  - 12.2 The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports.
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## **13. Minutes**

- 13.1 The Audit Committee must keep minutes of its meetings.
  - 13.2 Minutes must be distributed to all Audit Committee members, after the Audit Committee chairperson has approved them.
  - 13.3 Minutes, agenda and supporting papers are available to directors upon request to the Audit Committee secretary, except if there is a conflict of interest.
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## **14. Reporting to the Board**

- 14.1 The Audit Committee chairperson must report the Audit Committee's findings to the Board after each Audit Committee meeting.
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## **15. Reviews**

- 15.1 The Audit Committee will review its performance on an annual basis.
  - 15.2 The Audit Committee should review this charter and its composition annually. The Board should consider the Committee's charter and/or composition.
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## **16. Approved and Adopted**

- 16.1 This Charter was approved and adopted by the Board on 25 September 2020.