

# AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER

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WESTGOLD  
RESOURCES LIMITED

## INTRODUCTION

The Board of Directors (the Board) of Westgold Resources Limited (Westgold or the Company) has resolved to establish an Audit, Risk and Compliance Committee of the Board (the Committee).

## PURPOSE

The Board has approved this Charter which prescribes the role and responsibilities, composition, structure and membership requirements for the Committee.

## ROLE

The primary role of the Committee is to assist the Board to fulfil its responsibilities by overseeing, monitoring, reviewing and reporting to the Board on:

- the implementation and effectiveness of the Company's Risk Management System including its related bodies corporate as defined in the Corporations Act (Ch) 2001
- the effectiveness of the control environment of Westgold and its related bodies corporate (as defined in the Corporations Act 2001 (Cth)) (the **Group**) in the areas of balance sheet risk, relevant legal and regulatory compliance and financial reporting
- the adequacy of the control processes in place in relation to the preparation of financial and other information prepared by management, in particular those reports to be provided to shareholders and/or filed with regulators
- the Group's relationship with the external auditor and the external audit function generally as set out in the External Audit Policy (see Attachment 1); and
- the implementation and effectiveness of the Company's systems and processes for ensuring compliance with all applicable laws, regulations industry codes, company policies and material licenses, permits and agreements.

## AUTHORITY

Within the scope of its responsibilities, the Committee is generally authorised to:

- consult with and seek any information from any Director or employee of Westgold or any external party
- access external auditors without management present
- resolve any disagreement between management and the external auditor, with areas of significant disagreement being advised to the Board
- obtain professional advice and education from external consultants or specialists as it considers necessary to assist the Committee in meeting its responsibilities; and
- require the attendance of any Westgold employee at Committee meetings.

## **MEMBERSHIP**

Committee members are appointed by the Board for a term considered appropriate by the Board. The Board may appoint additional non-executive directors to the Committee and may remove or replace members of the Committee by ordinary resolution. The Committee should be of sufficient size and independence and all Committee members must have sufficient financial knowledge and understanding and must be financially literate (able to read and understand financial statements) as well as having a sound understanding of the industry in which Westgold operates to allow them to discharge their responsibilities under this Charter. At least one member must have expertise in financial and accounting matters. The Committee must contain:

- only non-executive directors
- a majority of independent directors; and
- at least three members of the Board.

Members of the Committee may withdraw from the Committee by notifying the Board in writing.

The Chair of the Committee (**Committee Chair**) must be an independent non-executive Director and must not be the Chair of the Board.

If the Committee Chair is unable to attend a Committee meeting, the Committee members present at that meeting must appoint a Committee member to chair the meeting.

Other Directors who are not Committee members may attend meetings of the Committee should they wish and are entitled to receive all Committee papers. Selected members of management may attend meetings of the Committee by invitation.

## **DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee are as set out in this section. The Board may from time-to-time delegate other responsibilities and functions to the Committee.

### **Risk Management**

The following forms part of the Committee's responsibility:

- oversee and review, at least annually, the Company's Risk Management System to ensure its effectiveness and that the Company is operating with due regard to the risk appetite set by the Board
- oversee the development and approval of a position statement on risk appetite in relation to Business-Critical Risks and the definition of materiality. This is to be captured in the Company's Risk Management Policy and associated Risk Management System Standard
- monitor management's performance against the Company's Risk Management System, including whether it is operating within the risk appetite set by the Board

- ensure that the Risk Management System deals adequately with new and emerging sources of risk, such as conduct risk, digital disruption, cyber-security, privacy and data breaches, and the risk controls and mitigation measures that management has put in place to deal with those risks
- make recommendations to the Board in relation to changes that should be made to the Company's Risk Management System or to the risk appetite set by the Board
- review the risk culture within the Company and report this to the Board
- review sustainability risk to monitor how sustainability related risks are being managed by the Company
- review any material incident involving a breakdown of Westgold's risk controls and the "lessons learned"
- review at least biannually the Company's current Business Critical Risks and their associated treatment strategies
- review and report to the Board on the risk management disclosure in the Company's Annual Report, and all other risk management information published by the Company or released to the market
- review, at least annually and if necessary, approve any changes to the Risk Management System Standard; and
- reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial risk management policies.

## **Audit**

The Committee's specific function on audit is to review and report to the Board that:

- a regular program of external audit is undertaken to test the adequacy of compliance with prescribed policies
- the system of control, which management has established, effectively safeguards the assets of the Group
- processes are in place such that accounting and other records are properly maintained in accordance with statutory requirements; and
- processes exist to reasonably guarantee that financial and other information provided to investors and the Board is accurate and reliable.

The following forms part of the Committee's responsibility:

- evaluating the adequacy, effectiveness and appropriateness of the Group's administrative, operating and accounting control systems and policies
- reviewing and evaluating controls and processes in place to ensure compliance with approved policies, applicable accounting standards and other requirements relating to the preparation and presentation of financial and other results

- overseeing the Group's financial reporting and overall disclosure processes and the outputs of those processes
- reviewing and making recommendations to the Board on the quarterly, half and full year financial reports
- reviewing and recommending to the Board the approval of the quarterly activity reports for release to the ASX
- determining the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices, including review and approval any significant non-mandatory accounting policy change
- reviewing (in consultation with management and external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and approving all significant accounting policy changes
- evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies, guidelines and limits approved by the Board for the management of balance sheet risks
- review and make recommendations on the declaration from the Managing Director/Chief Executive Officer and Chief Financial Officer to the Board, as suggested by the ASX Corporate Governance Council's, Corporate Governance Principles and Recommendations and any statement given in accordance with section 295A; and
- review and approval of all asset impairments in accordance with risk appetite.

The following forms part of the Committee's external audit responsibility:

- recommending to the Board the appointment and removal of the external auditors and reviewing the terms of engagement
- review and reporting on the performance and independence of external auditors
- review the audit plan and close out report of the external auditors
- monitoring the effectiveness and independence of the external auditor, including reviewing the level of non-audit services provided by the external auditor and ensuring it does not adversely impact on auditor independence
- obtaining assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards
- reviewing and appraising the quality of audits conducted by the Group's external auditors and confirming their respective authority and responsibilities; and
- monitoring the relationship between management and the external auditors.

## **Internal Control**

The following forms part of the Committee's responsibility:

- consider the effectiveness of the Company's internal control system, policies and procedures, including information technology security and control; and
- understand the scope of reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

## **Fraud Control**

The following forms part of the Committee's responsibility:

- evaluate the Company's exposure to fraud and review any material incident involving fraud or malfeasance and the "lessons learned".

## **Compliance**

The following forms part of the Committee's responsibility:

- review the effectiveness of the system for monitoring compliance with all applicable laws, regulations, industry codes, company policies and material licences, permits and agreements, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance
- review the findings of any examinations by regulatory agencies and any auditor observations
- obtain regular updates from management and company legal counsel regarding compliance matters; and
- review and report to the Board, the compliance culture within the Company.

## **Other Responsibilities**

The following forms part of the Committee's responsibility:

- review and approve:
  - ◆ all asset impairments in line with the Company's risk appetite
  - ◆ the Company's financial risk management policies.
- oversee the Company's insurance program, having regard to the Company's business and insurable risks; and
- assess and approve for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement, professional indemnity, crime and special accident.

## **MEETINGS**

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will meet at least twice each year. A notice of meeting, agenda and relevant supporting documents must be provided at least seven days before each meeting.

A quorum consists of the lesser of two members or a majority of members of the Committee.

The Company Secretary will attend all Committee meetings as the Committee secretary. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director.

The Committee Chair may invite any person(s) to attend meetings of the Committee, but not necessarily for the full duration of the meeting, a standing invitation will be issued to:

- all other Directors
- the CEO
- the CFO
- the General Counsel
- External Auditors
- and other relevant members of management.

The minutes of a Committee meeting will be prepared for the approval by the Committee and will be circulated to all Directors in the papers for the next full Board meeting after each Committee meeting.

## **ADMINISTRATIVE MATTERS**

The Company will disclose this Charter on its website and will disclose the following in its Annual Corporate Governance Statement:

- committee membership
- the relevant experience and qualifications of each Committee member
- the number of times the Committee met during the financial year;
- the individual attendances of members at Committee meetings
- whether the Risk Management System has been reviewed during the financial year including any insights gained from the review(s) and any changes to the Risk Management System as a result of the review(s); and
- whether it has any material exposure to environmental and social risks, and, if it does, how the Company manages or intends to manage these risks.

## **REPORTING**

The Committee will report to the Board on all matters relevant to the Committee's roles and responsibilities, including:

- assessment of the overall adequacy and effectiveness of the Risk Management System including the risk culture
- assessment of whether external reporting is consistent with Committee members' information and knowledge and whether it is adequate for shareholder needs
- assessment of the management processes supporting external reporting;
- procedures for the selection and appointment of the external auditor and for the rotation of external auditor engagement partners
- recommendations for the appointment or, if necessary, the removal of the external auditor
- assessment of the performance and independence of external auditor. Where the external auditor provides non-audit services, the report should state whether the Committee is satisfied that the provision of those services has not compromised the auditor's independence; and
- assessment of the overall adequacy and effectiveness of the compliance framework and compliance culture.

The report will include details of meeting agendas, papers and minutes of the Committee.

The Committee Chair will also, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All Directors will be permitted, within the Board meeting, to request information of the Committee Chair or members of the Committee.

## **REVIEW**

The Board will, at least once in each year review the membership and Charter of the Committee to ensure it remains consistent with the Board's objective and responsibilities.

# ATTACHMENT 1 - EXTERNAL AUDIT POLICY

## APPOINTMENT

The Audit, Risk and Compliance Committee (the **Committee**) has the responsibility and authority (subject to Corporations Act 2001 (Cth) requirements) to recommend to the Board the appointment, reappointment or replacement of the external auditor as well as evaluating its effectiveness and independence. The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

### Assessment of External Auditor

The Committee will review the performance of the external auditor on an annual basis after completion of the year end audit. In evaluating the effectiveness of external audit, the Committee will assess the effectiveness of the external auditor based on a number of criteria including but not restricted to:

- the overall comprehensiveness of the external audit plan
- the timeliness and quality of communications promised under the plan and delivered during the audit;
- the competency and industry knowledge of external audit staff
- the adequacy of resources to achieve the scope as outlined in the audit plan; and
- the value received from the external audit including comparing the final remuneration payable to the external auditor with the original estimate in the audit plan provided to Westgold plus agreed variations.

The Committee will seek feedback from management during the assessment process.

### Independence

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The review and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the directors approve the half year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non audit services and to ensure compliance with that policy.

### Rotation of External Audit Engagement Partner

Subject to compliance with the Corporations Act, ASX Listing Rules and corporate governance best practice, the external audit engagement partner is required to rotate at least once every 5 years.