

# NEW WORLD ALLOYS LIMITED

## AUDIT & RISK COMMITTEE CHARTER

### 1.0 MEMBERSHIP

- 1.1 The audit & risk committee is a committee of the board established in accordance with the company's constitution.
- 1.2 Members of the committee shall comprise of three (3) non-executive directors of the company, with a majority of members to be independent non-executive directors, where there are less than (3) non – executive directors then the committee shall comprise of at least (2) non-executive directors.
- 1.3 The chairman and members of the committee are appointed by the board and may be appointed for specified terms. Membership of the committee will be reviewed annually by the board.
- 1.4 The chairman of the board may be the chairman of the committee.
- 1.5 The company secretary is secretary to the committee.

### 2.0 OBJECTIVES

The committee's objectives are to:

- 2.1 Assist the board to discharge its responsibilities to exercise due care, diligence and skill in relation to the company's:
  - reporting of financial information;
  - application of accounting policies;
  - financial management;
  - internal control systems;
  - risk management systems;
  - business policies and practices;
  - protection of the company's assets; and
  - compliance with applicable laws, regulations, standards and best practice guidelines.
- 2.2 Improve the credibility and objectivity of the accountability process, including financial reporting.
- 2.3 Provide a formal forum for communication between the board and senior financial management.
- 2.4 Improve the effectiveness of the internal and external audit functions and be a forum for improving communications between the board and the internal and external auditors.
- 2.5 Facilitate the maintenance of the independence of the external auditor.
- 2.6 Improve the quality of internal and external reporting of financial and non-financial information.
- 2.7 Foster an ethical culture throughout the company.

### 3.0 RESPONSIBILITIES

The committee's role is to monitor, investigate and make recommendations to the board with respect to:

- 3.1 External Reporting:

- Consider the appropriateness of the company's accounting policies and principles and any changes, as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework.
- Assess significant estimates and judgments in financial reports.
- Review for completeness and accuracy the reporting of the company's main corporate governance practices as required under the Australian Stock Exchange listing rules.
- Ensure that a process is established by the company's management to capture issues for the purpose of continuous disclosure to the Australian Stock Exchange.
- Assess information from internal and external auditors that affects the quality of financial reports.
- Recommend to the board whether the financial and non-financial statements should be signed based on the committee's assessment of them.

### 3.2 Related-party Transactions

Review and monitor the propriety of related-party transactions.

### 3.3 Internal Control and Risk Management

- Assess the internal processes for determining, managing and reporting on key risk areas.
- Ensure that the company has an effective risk management system and that macro risks to the company are reported at least annually to the board.
- Address the effectiveness of the company's internal control and risk management systems with management and the internal and external auditors.
- Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.

### 3.4 External Audit

- Make recommendations to the board on the appointment, remuneration and monitoring of the effectiveness and independence of the external auditor.
- Invite the external auditor to attend audit committee meetings to, at least, review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment.
- Together with the external auditor, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis.
- Provide the opportunity for the committee members to meet with the external auditors without management personnel being present at least twice a year.

## 4.0 ACCESS

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- The committee shall have the authority to seek any information it requires from any officer or employee of the company or its controlled entities and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries.

- 4.2 The committee may invite any executive director, executive, other staff member or external or internal auditor to attend all or part of a meeting of the committee.
- 4.2 The committee may consult independent experts and institute special investigations if it considers it necessary in order to fulfil its responsibilities.

## **5.0 MEETINGS**

- 5.1 The committee meets prior to each of the company's annual and half-yearly profit announcements and prior to the signing of the company's annual financial statements.
- 5.2 The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated at least one week prior to each meeting to the members of the Committee and the external auditors.
- 5.3 The Chairman will call a meeting of the Audit & Risk Committee if so requested by any committee member, or the external auditors.
- 5.4 The external auditors should be given notice of all meetings and have the right to attend and speak.
- 5.5 Any committee member may call a meeting of the committee.
- 5.6 A quorum is two members.

## **6.0 REPORTING**

- 6.1 The Chairman of the committee shall report the findings and recommendations of the Committee to the Board after each committee meeting. The minutes of all committee meetings shall be circulated to members of the Board.
- 6.2 The committee shall have no executive powers with regard to its findings and recommendations.