



Audit and Risk Committee Charter

**ARK MINES LTD
ACN 123 668 717**

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1. Purpose

The Audit and Risk Committee (Committee) has been established to ensure oversight by the Board of Directors of all matters related to the financial accounting and reporting, external audit, internal audit and risk management of the Company.

The Committee:

- monitors the processes undertaken by management and auditors; and
- ensures that the Board, as the representative of the shareholders, meets all corporate governance requirements.

The external auditors are responsible to the Committee and the Board.

2. Composition

The Committee consists of three non-executive directors, each of whom has been determined by the Board to be independent of management, free of any relationship that might impair the exercise of their independent judgment and possessed of the financial skills and business acumen that will allow them to be effective in their role.

The current members are:

- Antony Corel (Chairman);
- John Slade; and
- Ian Mitchell.

In appointing the members, the Board and the Committee will have due regard to the Listing Rules, Corporations Act and the ASX Corporate Governance Principles and Recommendations.

The quorum of the Committee shall be at least two directors. The Company Secretary is Secretary of the Committee and shall keep Minutes of Committee meetings.

3. Responsibilities

Whilst it is the primary responsibility of management to undertake the accounting and reporting activities of the Company, the Committee reviews the financial statements, adequacy of financial controls and the annual audit arrangement. The committee also monitors controls and financial reporting systems, applicable Company policies, national and international accounting standards, and other regulatory or statutory requirements.

The Committee liaises with the Company's external auditors, reviews the scope of their activities, reviews the external auditors' remuneration and advises the Board on their appointment. The lead audit partner and review partner are not permitted to serve for more than five consecutive years.

The Committee reviews the processes in place for the identification, management and reporting of business risk and reviews the findings reported.

4. Financial Accounting and Reporting

Members of the Committee are familiar with the accounting framework used by the Company for its financial accounting and reporting. In reviewing and monitoring the Company's financial report and statements, the Committee assesses whether the financial reports are complete and consistent with the Committee's knowledge and understanding of the Company.

The Committee also considers:

- critical accounting policies, judgments and estimates applied in the preparation of the financial reports;
- alternative accounting policies applied by companies in the same industry;
- implications of expected changes in accounting policies;
- significant financial reporting judgment used in preparing the financial reports;
- quality of earnings and the implications of exceptional and/or non-recurring income and expenditure;
- the impact of the Company's financing structure on current and future profitability;
- the impact of business risk and its sensitivity on the Company's financial report; and
- the way in which matters like auditing policies, business risk and sensitivity are disclosed in the financial report.

5. External Audit

The Committee will:

- approve in advance all audit and non-audit services provided by the external auditors. Non-audit services that are perceived to be materially in conflict with the role of auditor will not be provided by the external auditor. These services are expected to include investigations and consulting advice and subcontracting of operational activities normally undertaken by management and where the external auditor may ultimately be required to express an opinion on its own work.
- engage with external auditors, in the absence of management where necessary, aimed at ensuring that the committee understands not only the acceptability of accounting practices in the Group, but also the quality of these practices.
- engage with management and external auditors on all aspects which will affect the level of internal control within the Company, review of self-assessment checklists and certifications and the reports of auditors.
- assess, through observation, discussion and external reference, the calibre and quality of senior financial management of the group, and of succession planning; and similar assessments of both internal and external auditors, as well as determining whether they are appropriately objective and independent.
- review periodic financial statements and any other financial disclosures necessitated by statute or continuous disclosure rules, as delegated by the Board.
- appoint the external auditor and the rotation of external audit engagement partners.

6. Internal Audit

The Committee will work with management to identify and review key areas of operations and compliance and to regularly report to the Board as to the outcome of such reviews.

7. Risk Management

ASX Corporate Governance Principles and Recommendations provide fundamental principles and recommendations for a corporate governance framework.

Principle 7: Recognise and Manage Risk states:

“Companies should establish a sound system of risk oversight and management and internal control.”

The Board is responsible for reviewing the Company’s policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has charged the Committee with the responsibility to manage the introduction and ongoing discharge of risk management across all Company activities.

8. Risk Management Objectives of the Audit Committee

The Committee takes ultimate responsibility to ensure the development and co-ordination of the risk management activities within the Company and to be the driving force in promoting the culture of risk management.

The Committee will facilitate the introduction and ongoing discharge of risk management into key areas of the Company’s activities whilst the responsibility for implementation of control strategies and follow up remains with management.

The key tasks of the Committee will include:

- development of a risk management policy and methodology for the Company. The Committee shall define and document its policy for risk management, including objectives for, and its commitment to, risk management; and
- ensuring appropriate management accountability for risk management exists as well as ensuring that appropriate systems and control procedures are established.

9. Meetings

The Committee will meet often enough to undertake its role effectively. It will meet at least three times a year.

Further meetings may be called at the discretion of the Committee Chairman. In particular, major financial system or process changes will be made known in a timely manner to the Committee.

10. Reporting

The Committee reports to the Board. The following matters will be included in the report:

- assessment of whether external reporting is consistent with committee members' information and knowledge and 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 audit engagement partners.
- recommendations for the appointment or, if necessary, the removal of the external auditor.
- assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report shall state whether the audit committee is satisfied that provision of those services has not compromised the auditor's independence.
- results of the Committee's review of risk management and internal control systems.

11. Disclosure

The Committee is responsible for ensuring that the Corporate Governance Statement in the Company's Annual Report complies with the requirements of the ASX Corporate Governance Principles and Recommendations.

12. Evaluation of Committee Activities

Annually, the Committee Chairman shall assess the performance of the Audit Committee and take appropriate action in respect of areas where there is a perceived need for enhancement of its role, operational processes or membership.