

## Prodigy Gold NL – Audit, Risk and Sustainability Committee Charter

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### 1. ROLE

In the event the Board comprises of only three non-executive members the full Board will undertake the role of the Audit, Risk, Safety and Sustainability Committee.

The role of the Audit, Risk, Safety and Sustainability Committee (“the Committee”) is to;

- (a) assist the Board in monitoring and reviewing any matters of significance affecting financial reporting, financial risk, internal control structure, risk management procedures, business risks and compliance with legal and regulatory requirements and the internal and external audit functions.
- (b) assist the Board to meet its oversight responsibilities in relation to the Company’s sustainability policies and practices;
- (c) assess compliance with the exploration and mining risk and value strategy approved by the Board;
- (d) assist the Board to fulfil its responsibilities in relation to occupational health and safety, taking specific responsibility for advising the Board on systems, practices, procedures and issues relating to the management of OH&S, community relations, heritage and land access, security and emergency management, government regulatory compliance, operational and environmental risk.

This Charter defines the Audit, Risk, Safety and Sustainability Committee’s function, composition, mode of operation, authority and responsibilities.

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### 2. COMPOSITION

- (a) The Committee must comprise at least three members.
- (b) All members of the Committee must be non-executive Directors.
- (c) Where practical, a majority of the members of the Committee must be independent non-executive Directors in accordance with the criteria set out in Annexure A.
- (d) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.
- (e) All members of the Committee must be able to read and understand financial statements.
- (f) Where practical, the Chair of the Committee may not be the Chair of the Board of Directors and must be independent. The Chair will be appointed by the Board.
- (g) The Chair should have leadership experience and a strong finance, accounting or business background.
- (h) A quorum will comprise any two Committee members. In the absence of the Committee Chair or appointed delegate, the members shall elect one of their number as Chair for that meeting.
- (i) The external auditors, the other Directors, the Chief Executive Officer / Managing Director, Chief Financial Officer, Company Secretary and senior executives, may be invited to Committee meetings at the discretion of the Committee.

- (j) The Company will maintain and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has.

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### **3. PURPOSE**

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- (a) Financial
  - (i) The quality and integrity of the Company's financial statements, accounting policies and financial reporting, disclosure and business ethics practices and policies;
  - (ii) Compliance with all applicable laws, regulations and Company policy;
  - (iii) The effectiveness and adequacy of internal control processes;
  - (iv) The performance of the Company's external auditors and their appointment and removal;
  - (v) The independence of the external auditor and the rotation of the lead engagement partner;
- (b) Safety and Risk
  - (i) Overseeing the processes for both the identification of Company risks and the implementation of the risk management system;
  - (ii) Occupational health and safety policies, standards and significant issues (including but not limited to the response to and management of significant safety incidents);
  - (iii) Assessing compliance with the exploration and mining risk and value strategy approved by the Board;
  - (iv) Determine whether the Company has a material exposure to economic, environmental and sustainability risks and, if it does, how it manages or intends to manage those risks.
- (c) Other Responsibilities
  - (i) Perform other oversight functions as requested by the Board;
  - (ii) If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist;
  - (iii) Review and update this Committee Charter annually and receive approval of changes from the Board; and
  - (iv) Evaluate the Committee's own performance and Charter on a regular basis and if necessary make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

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### **4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

#### **4.1 Review of Financial Reports**

- (a) Review and challenge the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- (b) Oversee the financial reports and the results of the external audits of those reports.
- (c) Assess whether external reporting is adequate for shareholder needs.

- (d) Assess management processes supporting external reporting.
- (e) Establish procedures for treatment of accounting complaints.
- (f) Review the impact of any material proposed changes in accounting policies on the financial statements.
- (g) Review the quarterly, half yearly and annual results.

#### **4.2 Relationship with External Auditors**

- (a) Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners. Such procedures must require the Board to consider, when determining the appointment of an external auditor:
  - (i) value for money taking into account cost and quality of service;
  - (ii) independence of auditors taking into account other work that may be required of the firm;
  - (iii) the matters set out in auditor independence guidelines;
  - (iv) seniority of audit staff to be appointed to the Company's engagement;
  - (v) Board being satisfied as to the intended scope of work to be undertaken as part of the audit process;
  - (vi) background and experience of the audit firm with the Company and the industry in which it operates and number of companies of similar size that the firm audits; and
  - (vii) reputation and standing of the audit firm in the business community.
- (b) Review performance, succession plans and rotation of lead engagement partner.
- (c) Approve the external audit plan and fees proposed for audit work to be performed.
- (d) Discuss any necessary recommendations to the Board for the approval of half yearly or annual reports.
- (e) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- (f) Meet with the external auditors at least twice in each financial period without management being present and at any other time the Committee considers appropriate.
- (g) Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
- (h) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.
- (i) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- (j) Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act.
- (k) Ensure that the external auditor attends the AGM and is available to answer relevant questions.

#### **4.3 Internal Audit Function**

- (a) Monitor the need for a formal internal audit function and its scope.

- (b) Assess the performance and objectivity of any internal audit procedures that may be in place.
- (c) Review risk management (financial and administrative) and internal compliance procedures.
- (d) Monitor the quality of the accounting function.
- (e) Review the Internal Control Reports, if any, at meetings of the Committee where appropriate.

#### **4.4 Risk Management**

- (a) Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements including an annual review of the risk management framework to ensure it continues to be sound.
- (b) The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back at least bi-annually to the Audit, Risk, Safety and Sustainability Committee.
- (c) Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.
- (d) Assist management to determine the key risks to the businesses and prioritise work to manage those risks.

#### **4.5 Disclosure Practices and Procedures**

- (a) Make decisions on what should be disclosed publicly under this Charter.
- (b) Promote awareness of this Charter within the Company.
- (c) Oversee, review and update this Charter, as required, to ensure continuing compliance with changing legal and regulatory compliance.
- (d) Oversee and review the implementation of reporting processes and controls.

#### **4.6 Other**

- (a) The Committee will oversee procedures for whistle-blower protection.
- (b) As contemplated by the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the "*Corporate code of conduct*". Any such waiver or deviation will be promptly disclosed where required by applicable law.
- (c) Monitor related party transactions.

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### **5. MEETINGS**

- (a) The Committee will meet not less than two times per year but may meet as often as circumstances may require for it to undertake its role effectively, including, in accordance with the Company's Constitution, by means of an instantaneous communication device rather than in person, as may be required.
- (b) Any Committee member or the Secretary, if directed by a Committee member, may convene a Committee meeting.
- (c) Reasonable notice must be given to every Committee member of every Committee meeting.

- (d) Where deemed appropriate by the Chair of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- (e) A quorum shall consist of two members of the Committee. In the absence of the Chair of the Committee or their nominees, the members shall elect one of their members as Chair of that meeting.
- (f) Decisions will be based on a majority of votes with the Chair having a casting vote, but the Chair shall have no casting vote where only two Directors are competent to vote on the question.
- (g) Minutes of each Committee meeting are included in the papers for the next full Board meeting after each Committee meeting.

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**6. SECRETARY**

- (a) The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.
- (b) The minutes of each Committee meeting shall be prepared by the Company Secretary, approved by the Committee Chair and circulated to Committee members.
- (c) The Secretary shall distribute supporting papers, if any, for each meeting of the Committee as far in advance as possible.

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**7. RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE**

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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**8. ACCESS TO ADVICE**

- (a) Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) Members of the Committee may meet with the auditors without management being present.
- (c) Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chair of the Committee. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

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**9. REVIEW OF CHARTER**

- (a) The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner, and will update the Charter as required or as a result of new laws or regulations.

- (b) The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.
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**10. REPORT TO THE BOARD**

- (a) The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.
- (b) The Committee must brief the Board promptly on all urgent and significant matters.

## Prodigy Gold NL – Annexure A

### Factors Relevant to Assessing the Independence of a Director

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#### ASX CORPORATE GOVERNANCE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Examples of interests, positions, associations and relationships that might cause doubts about the independence of a director include if the director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
- is, or has been within the last three years, in a material business relationship (eg as a supplier or customer) with the entity or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- has a material contractual relationship with the entity or its child entities other than as a director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that his or her independence may have been compromised.

In each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.