



25 June 2021

Audit and Risk Committee Charter

Deterra Royalties Limited

ACN 641 743 348

Adopted by the Board on 25 June 2021

1 Introduction

- (a) The Board of Directors (**Board**) of Deterra Royalties Limited (**the Company**) has established an Audit and Risk Committee (**the Committee**).
- (b) This Charter sets out the specific responsibilities delegated by the Board to the Committee and the Committee's objectives, authority, responsibilities, composition and operation

2 Standing Rules

The Board Committee Standing Rules apply to the Audit and Risk Committee and are incorporated into this Charter, save as expressly varied by this Charter.

In addition to the Board Committee Standing Rules:

- (a) The Committee must have an independent director as Chair, who is not Chair of the Board.
- (b) All Committee members will be financially literate and the members between them must have accounting and financial expertise, operational or technical knowledge and a sufficient understanding of the industry in which the Company operates. At least one member should have relevant formal qualifications and experience (i.e. be a qualified accountant or other finance professional with experience of financial and accounting matters).
- (c) The Committee will regularly meet with the external auditor without management present.

3 Role and Responsibilities

3.1 Overview

- (a) The purpose of the Committee is to assist the Board to oversee the following for the Company:
 - (1) financial and other periodic corporate reporting;
 - (2) the external audit function and internal audit function (where it exists) and the relationship with the auditors;
 - (3) the implementation of the risk management framework and the processes for identifying and managing financial and non-financial risk;
 - (4) internal controls and systems; and
 - (5) processes for monitoring compliance with applicable legal and regulatory requirements and internal codes of conduct.

3.2 Financial and corporate reporting and accounting

The responsibilities of the Committee include:

- (a) reviewing the Company's financial statements (including for compliance with the Accounting Standards and other requirements) and making the necessary recommendations to the Board, ensuring the financial statements reflect the understanding of the committee members;
- (b) ensuring the financial statements provide a true and fair view of the financial position and performance of the Company;
- (c) where required, reviewing the Company's other corporate and financial reporting;
- (d) overseeing the Company's disclosure processes, including the adequacy of those processes and the process to verify the integrity of periodic corporate reports the Company releases to the market that are not audited or reviewed by the external auditor;
- (e) reviewing the accounting policies, judgements and choice taken by management in preparing the financial reports, including significant changes in accounting policies; and
- (f) reviewing drafts of the Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**) declarations to be provided to the Board in relation to the Company's full year and half year financial statements.

3.3 External audit

The responsibilities of the Committee include:

- (a) reviewing with the external auditor its report on significant findings in the conduct of its audit and the adequacy of management's response, as well as any other matters relating to the conduct of the audit (including restrictions on access to activities or information), and monitoring whether any issues are being managed and rectified in an appropriate and timely manner;
- (b) reviewing annually and making recommendations to the Board regarding the external auditor's terms of engagement (including the audit plan) and other contractual terms;
- (c) approving the auditor's annual fees and other compensation;
- (d) approving the selection and removal of the external auditor, subject to any shareholder approval;
- (e) reviewing the performance, independence and objectivity of the external auditor at least annually, including considering the provision of non-audit services by the external auditor;
- (f) reviewing the procedures for selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (g) developing and overseeing the implementation of the Company's policy on the engagement of the external auditor for the provision of non-audit services and providing advice to the Board on the compatibility of any non-audit services with the general standard of auditor independence;
- (h) reviewing the effectiveness, scope and adequacy of the external audit and ensuring that any key financial risk areas for the Company and financial requirements are incorporated into the audit plan; and

- (i) providing a direct line of communication between the external auditor and the Board which is independent of management.

3.4 Internal audit

- (a) The Committee will review and make recommendations to the Board on the structure of any internal audit function.
- (b) Where an internal audit function exists, the responsibilities of the Committee include:
 - (1) reviewing the independence, performance and objectivity of the internal auditor and whether the internal audit function is adequately resourced;
 - (2) reviewing the scope and adequacy of the internal audit program, and approving the annual internal audit plan;
 - (3) reviewing significant internal audit findings and action taken by management to address these; and
 - (4) approving the appointment and dismissal of the head of the internal audit function.

3.5 Risk management and internal controls

The responsibilities of the Committee include:

- (a) overseeing the process for managing the Company's exposure to material financial and non-financial risks, including new and emerging risks;
- (b) overseeing and advising the Board on high-level risk related matters, including risk appetite and tolerance in determining strategy, as well as management of material risks;
- (c) reviewing the risk appetite within which the Board expects management to operate, and considering whether any changes should be made;
- (d) overseeing the senior executive team's implementation of the risk management framework, including the maintenance of a risk register;
- (e) overseeing that the senior executive team's processes for identifying, assessing, and responding to risks are appropriate and operating effectively;
- (f) recommending the Company's risk management framework (or any material changes to the framework) to the Board for approval;
- (g) reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board;
- (h) assessing the structure and adequacy of the Company's business continuity plans;
- (i) reviewing any incident involving fraud or other break down of the Company's internal controls;
- (j) reviewing the insurance strategy and determining the extent to which it aligns with the risk tolerance of the Company;
- (k) reviewing the risk disclosures in the Company's periodic reporting documents;
- (l) monitoring whether management is setting an appropriate 'control culture';

- (m) reviewing the Company's internal control framework for ensuring compliance with laws, regulations and internal codes of conduct;
- (n) monitoring compliance with the Company's Whistleblower Policy and receiving information regarding any material incidents reported under the Whistleblower Policy and actions taken by management in relation to such incidents; and
- (o) monitoring compliance with the Company's Anti-Bribery and Corruption Policy and receiving information regarding any material breaches of the Policy and actions taken by management in relation to such breaches.

3.6 Compliance

The responsibilities of the Committee include:

- (a) reviewing the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company); and
- (b) considering with management and (as required, the external auditor) the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.

First approved 14 August 2020

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