



# Audit and Risk Charter



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## 1. INTRODUCTION

Syrah Resources Limited (“Syrah” or “the Company”) is an Australian Securities Exchange listed industrial minerals and technology company with its flagship Balama Graphite Operation in Mozambique and a downstream Active Anode Material Facility in the United States. Syrah’s vision is to be the world’s leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets.

## 2. OVERVIEW

### 2.1 Introduction

The Audit and Risk Committee (‘Committee’) is a Committee of the Board of Directors (‘Board’) of Syrah Resources Limited (ACN 125 242 284) (‘Syrah’ or the ‘Company’) that was established under the Company’s Constitution.

This charter sets out the scope of the Committee’s responsibilities in relation to the Company and its controlled entities (‘Group’). The Committee will assist the Board to meet its obligations under its Charter and as required by regulatory compliance, as well as addressing all matters pertaining to audit and risk matters as suggested by the 4th Edition of the ASX Corporate Governance Principles.

The role of the Committee is not an executive role.

### 2.2 Purpose

The purpose of the Committee is to assist the Board to achieve its objectives in relation to the oversight of:

- a) the integrity of financial reporting (including the adequacy of financial risk management controls);
- b) the adequacy of the Company’s accounting and reporting processes;
- c) the adequacy of the processes for identifying and managing risk generally;
- d) the adequacy of the external audit function and internal audit function (if applicable);
- e) treasury and capital management practices;
- f) taxation practices;
- g) information technology (IT) and cyber security practices; and
- h) compliance with applicable legal and regulatory requirements and internal codes of conduct.

The Committee will assist the Board by making appropriate recommendations. The Committee does not make decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.

## 3. RESPONSIBILITIES

### 3.1 Accounting and reporting

The responsibilities of the Committee in relation to accounting and reporting practices are as follows:

- a) assessing the appropriateness and application of the Group’s accounting policies and principles and any material changes to them;

- b) review financial statements and reports for compliance with accounting standards, securities exchange requirements and other legal requirements relating to their preparation;
- c) monitoring the effectiveness of the accounting and internal control systems, including discussing with the external auditor matters relating to the conduct of the audit.
- d) obtaining an independent judgment from the external auditor about:
- e) the acceptability and appropriateness of accounting policies and principles put forward by management; and
- f) the clarity of current or proposed financial disclosure practices as put forward by management;
- g) assessing any significant estimates or judgments in the financial reports (including those in any consolidated financial statements) by appropriate methods;
- h) evaluating the adequacy and appropriateness of Environmental, Social and Governance (ESG) related reporting disclosures, with specific ESG matters to be referred to the Sustainability Committee.
- i) reviewing the adequacy of related party transaction disclosures in the financial statements;
- j) reviewing other financial information distributed externally as required; and
- k) making recommendations to the board regarding the above.

### 3.2 External audit

The responsibilities of the Committee in relation to the external audit function include:

- a) assessing the quality and effectiveness of the audit conducted and evaluate the performance of the external auditor;
- b) reviewing the scope and adequacy of the external audit;
- c) reviewing with the external auditor its report regarding significant findings in the conduct of its audit and the adequacy of management's response, and monitoring whether any issues are being managed and rectified in an appropriate and timely manner;
- d) reviewing annually and making recommendations to the Board regarding the appointment of the external auditor, the external auditor's terms of engagement (including the audit plan), and other contractual terms, including the continuation or termination of the external auditors' engagement and/or any material revision to the terms of the engagement;
- e) reviewing and making recommendations to the Board regarding the rotation of the external audit partner;
- f) ensuring that any key financial risk areas for the Company and financial requirements are incorporated into the audit plan;
- g) evaluating the independence of the external auditor and ensuring that the provision of non-audit services by the external auditor does not adversely impact independence;
- h) reviewing the results of the auditor's work with particular emphasis on unresolved or unadjusted issues between auditors and management;
- i) providing a direct line of communication between the external auditor and the Board which is independent of management;
- j) ensuring that there are no material unresolved issues between management and the external auditors;
- k) reviewing the fees for audit and non-audit services that the external auditor may provide; and

- l) assessing and overseeing the policies and procedures for appointing or removing an external auditor; and recommending to the Board for approval, the appointment or removal of an external auditor.

### 3.3 Internal audit

The Committee is responsible for determining the need and appropriateness of an internal audit function within the Company.

If the Company has an internal audit function, the Committee will be responsible for:

- a) assessing the overall effectiveness and evaluating the performance of the internal audit function and the approval of the annual internal audit plan;
- b) reviewing the scope and adequacy of the internal audit work plan;
- c) reviewing the independence, objectivity and performance of the internal audit function;
- d) reviewing significant internal audit findings and action taken by management to address these;
- e) facilitating a direct line of communication from the risk manager and internal audit function which is independent of management; and
- f) reviewing the internal audit team's reports.

### 3.4 Other key financial processes

The Committee will review other key financial processes in particular the tax and treasury operations, to ensure prudent management practices are in place.

### 3.5 Risk Management and internal controls

The Committee assists the Board with oversight of the Company's risk management practices. The responsibilities of the Committee in relation to risk management include:

- a) monitoring management's performance against the Company's risk management framework, including, overseeing and reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound, and making recommendations to the Board regarding any changes that should be made to the Group's Risk Management Framework.
- b) monitor changes in the economic and business environment, including consideration of emerging trends and other factors related to the Group's risk profile.
- c) consider the impact of the Group's culture on risk management and internal control;
- d) review proposed disclosures in the annual report and corporate governance statement in relation to the recognition and management of key business risks, and that material risks have been identified;
- e) consider the adequacy and effectiveness of internal control and risk management framework by reviewing reports from management, internal audit (if applicable) and external audit, and by monitoring management responses and actions to correct any noted deficiencies;
- f) consider the effectiveness of management's processes for managing financial reporting fraud risk;
- g) reviewing and making recommendations to the Board in relation to any material incident involving fraud or other break down of the Company's internal controls;
- h) reviewing proposed disclosures and strategies for managing material financial risks; and

- i) consider the adequacy and appropriateness of the Group's insurance program annually, and make a recommendation to the Board.

### **3.6 Treasury**

- a) reviewing and endorsing Group treasury policies;
- b) monitoring the implementation of the Group's overall treasury risk exposure and agreed treasury activities;
- c) considering any requests for variations to approved treasury practices or policies;
- d) considering the proposed creation of new financing facilities or arrangements.

### **3.7 Information Technology (IT) and Cyber Security**

- a) overseeing the Group's cyber and IT risk control systems, policies and procedures.

## **4. ACCESS TO INFORMATION AND INDEPENDENCE ADVICE**

The Committee is to have access to adequate internal and external resources. The Committee has the authority to obtain information, interview management, the risk manager, and internal and external auditors (with or without management present), and all employees must comply with such requests from the Committee.

The Committee may seek the advice of the Company's auditors, solicitors or other independent advisors where the Committee considers that necessary or appropriate.

## **5. AUDIT AND RISK COMMITTEE COMPOSITION**

The composition of the Committee will comprise of:

- a) at least three non-executive directors with a majority of those non-executive directors being independent directors; and
- b) an independent Non-Executive Director as Chair, who is not the Chairperson of the Board.

All Committee members should be financially literate and have an understanding of the industry in which the Group operates. At least one member of the Committee should have experience of financial and accounting matters.

Members and the Chair of the Committee will be appointed by the Board.

The role of the Committee Chairperson is to:

- a) determine the agenda for meetings of the Committee;
- b) chair meetings of the Committee and take reasonable steps for the proper functioning of the Committee;
- c) take reasonable steps to advise the Board on the Committee's recommendations to the Board on matters falling within the scope of the Committee's responsibilities;
- d) review the minutes of meetings of the Committee for circulation to and approval of the Committee and sign the approved minutes; and
- e) if necessary, act under delegation from the Committee to liaise with consultants advising the Committee.

## 6. MEETINGS

- a) The Committee will meet as often as it considers necessary and at least 3 times per annum;
- b) A quorum for a Committee meeting is two Audit and Risk Committee members of which at least one is independent;
- c) Committee meetings may be held by any technological means;
- d) The Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A “Circulating resolutions of companies with more than one director” of the Corporations Act;
- e) Unless otherwise determined by the Committee, the Company Secretary shall act as Secretary to the Committee;
- f) The Committee may invite other persons it regards appropriate to attend Committee meetings;
- g) The Managing Director and Chief Financial Officer will be invited to attend all meetings, unless otherwise determined by the Committee; and
- h) The Chief Financial Officer has the right to meet on a confidential basis with the Chairman of the Committee or the Committee as a whole.
- i) The external auditors will be provided with unrestricted and confidential access to the Chairman of the Committee.

## 7. SECRETARIAL

The Company Secretary or designate shall be the secretary of the Committee and will be responsible for issuing and storing meeting notices, agenda’s minutes of proceedings, and supporting papers.

Notices, minutes, agendas and supporting papers will be made available to any director upon request to the Company Secretary, provided no conflict of interest exists.

## 8. REPORTING TO THE BOARD

The key matters discussed at each Committee Meeting shall be reported by the Chairperson of the Committee to the Board at the next regular Board Meeting.

## 9. COMMITTEE PERFORMANCE

The Board will periodically assess the effectiveness of the Committee.

The Committee will also participate in a formal process of self-assessment on an annual basis, as part of the Board and Committee review process. The results of this assessment will be communicated to the Board in order to assist the Board in its period review of the Committee’s effectiveness.

The Committee will oversee that its members undergo ongoing training and professional development as appropriate, so that all members are best placed to discharge the Committee’s responsibilities.

The Committee’s Charter will be reviewed annually or as often as it considers necessary, and updated as required, so as to ensure, among other things, that it complies with corporate governance requirements and meets the needs of the Group.

Syrah Resources Limited			
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