

# **Boulder Steel Limited**

## **Audit and Risk Committee Charter**

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### **(a) Objectives**

The Audit and Risk Committee (ARC) has been established by the Board of Boulder Steel Limited (Boulder) to support and advise the Board by:

- (a) Assisting the Board in fulfilling its oversight responsibilities for the financial reporting and audit process of Boulder; and
- (b) Monitoring Boulder's risk management policies and practices and its compliance with applicable laws and regulations.

### **(b) Authority**

The ARC has the specific authority delegated by the Board under this Charter and is empowered to seek any information or explanations it requires from management, internal and external auditors or other external parties as necessary.

### **(c) Specific Responsibilities**

In order to fulfil its responsibilities to the Board, the ARC will:

- (a) Review the financial statements of Boulder for the half year and full year, and consider whether they are complete, consistent with information known to ARC members, and reflect appropriate accounting policies and practices;
- (b) Receive and consider in connection with the half year and full year financial statements the Chief Executive's and Chief Financial Officer's (or equivalent) letter of representation to the Board in respect of financial reporting for Boulder, including a declaration in respect of those matters described in section 295A of the Corporations Act, and the adequacy and effectiveness of Boulder's risk management, internal compliance and control systems and the process and evidence adopted by the Chief Executive and Chief Financial Officer (or equivalent) to satisfy themselves on these matters;
- (c) Make recommendations to the Board with particular attention to
  - i. The quality and suitability of the financial and accounting policies practices and financial reporting and any recommended amendments to them;

- ii. Points of opinion or subjective judgment on matters disclosed in financial reporting, with particular attention being given to unusual or extraordinary transactions;
  - iii. Significant adjustments made in response to external audit recommendations;
  - iv. Compliance with accounting standards;
  - v. Compliance with legal and financial reporting standards.
- (d) Review the financial sections of Boulder's annual report and related regulatory filings before release and consider the accuracy and completeness of the financial information;
- (e) Review with management and the external financial auditors the results of Boulder's financial audit;
- (f) Recommend to the Board the appointment and removal of the external financial auditors of Boulder and review their terms of engagement;
- (g) Review the external financial auditors' proposed audit scope and approach;
- (h) Meet with the external financial auditors to review reports, and meet separately, at least once a year, to discuss any matters that the ARC or the external financial auditors believe should be discussed privately without the presence of management;
- (i) Establish policies as appropriate in regard to the independence of the external financial auditors including reviewing and confining their independence by obtaining statements from such auditors on relationships between the external financial auditors and Boulder, including any non-audit services;
- (j) Review the performance of the external financial auditors, and consider the re-appointment and proposed fees of the external financial auditors and, if appropriate, conduct a tender of the audit. (In circumstances where a tender is conducted, the ARC will make a recommendation to the Board for the appointment of an external financial auditor);
- (k) Review any proposed internal audit plans and activities on the part of the internal auditor;
- (l) Meet separately with the internal auditors, when necessary, to discuss any matters that the ARC or the internal auditors believe should be discussed privately;
- (m) Review the effectiveness of the internal audit activity;

- (n) Review and provide recommendations to the Board in relation to the appointment, replacement, dismissal and scope of work of the internal auditor;
- (o) Monitor the overall risk management framework for Boulder and review its effectiveness in meeting sound corporate governance principles, and keep the Board informed of all significant business risks;
- (p) Review with management the system for identifying, managing, and monitoring the key risks of Boulder;
- (q) Obtain reports from management on the status of any key risk exposures or incidents;
- (r) Report to the Board any breach of law or regulation of which the ARC becomes aware or forms a reasonable suspicion;
- (s) Obtain regular reports from management regarding compliance matters;
- (t) Regularly report to the Board about ARC activities, issues, and related recommendations;
- (u) Perform other activities related to this Charter as requested by the Board; and
- (v) Instigate and oversee special investigations as needed.

#### **(d) Composition**

- (a) The ARC will comprise a minimum of two members of whom at least two shall be Directors of Boulder.
- (b) The Board may co-opt persons other than Boulder Directors to membership of the ARC.
- (c) A majority of members must be independent or non-executive members who are financially literate.
- (d) At least one member must have expertise in financial reporting.
- (e) The Board may appoint or replace members to or from the ARC by resolution.
- (f) Members of the ARC may withdraw from membership by written notice to the Chairman of the Board.

- (g) The Board will nominate the Chairman of the ARC (such person will be an independent or non-executive member who is not the Chairman of the Board).

### **(e) Procedural Requirements**

- (a) The ARC will meet not less than twice per annum and as frequently as may otherwise be required.
- (b) A quorum of the ARC will comprise two members, of whom at least one must be an independent or non-executive i.e. a member who is not an executive of any company within the Boulder Steel Limited group of companies.
- (c) All members are expected to diligently prepare for, attend, and participate in all ARC meetings.
- (d) Participation in meetings of the ARC may be facilitated by telephonic or other means of telecommunication.
- (e) Decisions of the ARC may be passed by a properly convened Committee meeting or by a circular resolution of its members.
- (f) If the Chairman of the ARC is absent from a meeting and no acting Chairman has been appointed, the members present may choose one of those present to act as Chairman for that meeting.
- (g) The ARC may seek such independent legal, accounting or other professional advice or assistance from external parties as it considers necessary or desirable to fulfil its objectives, at the reasonable expense of Boulder.
- (h) Following each ARC meeting, the Chairman will report to the Board on any matter that should be brought to the Board's attention, and on any ARC recommendation that requires Board approval or action.
- (i) The Company Secretary will act as secretary of the ARC and will provide such assistance as may be required by the Chairman in relation to the preparation of the agenda, minutes or papers for the ARC.
- (j) As necessary or desirable, the Chairman may invite management, representatives of the auditors or other external advisors to be present at ARC meetings.

### **(f) Annual Review**

The ARC will prepare and provide to the Board annually:

- (a) A self-evaluation of its performance against its Charter, goals and objectives;
- (b) Recommended goals and objectives for the coming year; and
- (c) Recommended changes or improvements to its Charter if necessary.

The annual review shall be done by way of a written report to the Board by the Chairman of the ARC.

**(g) Revisions of this Charter**

The Board is responsible for reviewing the effectiveness of this Charter and the operations of the ARC and considering any amendments to this Charter.

**First Adopted November 2006  
Revised 30 September 2009**