

Audit and Risk Committee Charter

January 2015

INTRODUCTION

This charter is for the Audit and Risk Committee (**Committee**) of Globe Metals & Mining Limited (**Company**).

The charter governs the procedures of the Committee and outlines the procedures and guidelines in relation to assisting the Board to meet its oversight responsibilities in relation to the Company's financial reporting, compliance with legal and regulatory requirements, internal control structure, risk management procedures and its internal and external audit functions.

Committees should not lead to an abrogation of responsibilities or a failure to properly inform the full Board.

1 COMPOSITION

- 1.1 The Committee will be appointed by the Board and will consist of not of less than three members, all of whom must be Directors of the Company. A majority of the appointees will be independent Directors where considered appropriate and possible.
- 1.2 The Chairperson of the Committee will be an independent Director and, where practicable, will not be the Chairperson of the Company.
- 1.3 All members of the Committee must be financially literate, and at least one member must have prior financial management / accounting experience at a senior level with a relevant industry sector.
- 1.3 If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor.
- 1.4 Any director may attend a meeting of the Committee for the purposes of discussion but is not entitled to vote.
- 1.5 The Committee may invite any executive team member or any other individual to attend a meeting of the Committee, as they consider appropriate. Any invitation to attend a meeting of the Committee is subject to the invitee not having a material personal interest in the matter being considered.
- 1.6 The Company Secretary or nominee will act as Secretary to the Committee.

2 MEETINGS

- 2.1 The Committee will meet as frequently as required to fulfil its role. Any Committee member or the Company Secretary may call a Committee meeting.

- 2.2 A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the Committee allowing reasonable time for preparation.
- 2.3 The Committee chair will keep the Board informed on the deliberations of the Committee and any recommendations arising.
- 2.4 Minutes of proceedings and resolutions of Committee meetings will be kept by the Secretary.
- 2.5 A quorum is at least two Committee members present. In the absence of the Committee chair, the members will elect as one of their number as chair for that meeting.

3 ACCESS TO INFORMATION, ADVICE AND SUPPORT

- 3.1 In carrying out its role and responsibilities, the Committee has access to, and may receive information and advice from employees within the Company and from external advisers and consultants.
- 3.2 The Committee may meet with external advisers and/or consultants without management being present.

4 PERFORMANCE EVALUATION

- 4.1 The Committee will undertake periodically a self-assessment process which includes:
 - comparing the Committee's practices with its Charter requirements;
 - identifying any enhancements to the Charter; and
 - implementing practices designed to enhance the Committee's effectiveness.

5 OBJECTIVES

- 5.1 The primary objective of the Committee is to enable the Board to fulfil its broader governance and oversight responsibilities in relation to the identification and management of risk, the reporting of financial information, the application of accounting policies, the appointment, independence and remuneration of the external auditor and to provide a link between the external auditor, the Board and management of the Company.

6 RESPONSIBILITIES AND PROCEDURES

6.1 Audit Responsibilities

The Committee is established by the Board to:

- oversee the Company's relationship with the external auditor and the external audit function generally;
- oversee the preparation of financial statements and reports;
- oversee the Company's financial controls and systems;
- oversee the process of identification and management of risk; and
- oversee the internal audit function (if appropriate).

6.2 Audit Procedures

The following are intended to form part of the normal procedures for the Committee's audit responsibilities:

- review the reliability and integrity of accounting systems, financial reporting and disclosure practices;
- review the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports;
- review and approve any significant non-mandatory accounting policy change;
- review the appropriateness of accounting judgements or choices exercised by management in preparing the Company's financial reports;
- review the Company's financial reports for accuracy and adherence to accounting standards and other requirements relating to the preparation and presentation of financial reports and results to ensure that they reflect a true and fair view as a basis for recommendation;
- report to the Board on the annual and half year financial reports, the financial section of quarterly reports and all other financial information published by the Company prior to release to members and other public forums;
- co-ordinate the audit with the external auditor including reviews of internal control measures;
- review the audit plan with the external auditor;
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and the auditor's independence, and consider if appropriate, the rotation of audit partners;
- review the level of non-audit services provided by the external auditor and ensure it does not adversely impact on auditor independence;

- the oversight of statutory reporting requirements, as well as all other applicable reporting requirements and the Company's compliance with such requirements;
- the oversight and regular review of the internal and external audit programs to ensure that they cover all risks and financial reporting requirements of the Company;
- the review of all audit report findings and recommendations to ensure that issues are being managed and rectified in an appropriate and timely manner by management; and
- the confidential investigation and resolution of concerns and issues raised by employees regarding actual or potential compliance breaches.

6.3 Risk Responsibilities

The Committee's overall responsibility is to oversee the process of identification and management of risk. Specifically, the Committee must review and report to the Board that:

- the Company's risk program effectively identifies all significant areas of potential risk;
- adequate mitigation activities are designed and implemented to manage identified risks; and
- there are regular reviews on the progress of the implementation of the designed risk and mitigation activities.

6.4 Risk Procedures

The following are intended to form part of the normal procedures for the Committee's risk responsibilities:

- evaluate the adequacy and effectiveness of the management reporting and control systems used to manage risk;
- evaluate the adequacy and effectiveness of the Group's risk management and control systems including reviewing risk registers and reports from management and external auditors
- evaluate the structure and adequacy of the Group's insurances;
- review and make recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies;
- oversee the establishment and maintenance of processes to ensure that there is an adequate system of internal control, management of business risks and safeguard of assets;
- oversee the establishment and maintenance of processes to ensure that there is a review of internal control systems and the operational effectiveness of policies and procedures related to risk and control;

- evaluate the Group's exposure to fraud and overseeing investigations or allegations of fraud or malfeasance;
- review 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 in areas such as trade practices, occupational health and safety and the environment); and
- review the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements).

7 EXTERNAL AUDITOR INTERACTION

- 7.1 It is the responsibility of the Committee to maintain free and open communication between the Committee and the external auditors, the internal auditors (if applicable) and the management of the Company.
- 7.2 The Committee is to meet with the external auditor not less than twice a year and review any significant disagreement between the auditor and management, irrespective of whether the matters have been resolved.
- 7.3 The external auditor has a clear line of direct communication at any time to either the Chairperson of the Audit and Risk Committee or the Chairperson of the Board. Any member of the Audit and Risk Committee is able, and obliged, to bring any matter to the immediate attention of the Board, if that committee member believes the matter has not been dealt with adequately by the committee, or is of significant importance that the Board should be informed directly.

8 DECLARATIONS BY MANAGEMENT

- 8.1 Prior to giving their directors declaration in respect of the annual and half year statements, the board requires the CEO/Managing Director and CFO to sign written declarations to the Board that:
- (a) the financial statements and associated notes are in accordance with relevant accounting standards;
 - (b) the financial statements and associated notes give a true and fair view of the financial positions of the Company and performance of the Company for the year then ended as required by the Corporations Act 2001;
 - (c) in their opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- (d) they have established and maintained an adequate risk management and internal compliance and control system to facilitate the preparation of a reliable financial report which in all material respects implement the policies adopted by the Board of Directors and the Statements made above are based on that system.

9 DECLARATIONS BY MANAGEMENT

- 9.1 The Committee members may be entitled to receive additional remuneration as determined from time to time by the Board. The level of remuneration would have regard to current appropriate benchmarks.

10 SCOPE AND AUTHORITY

- 10.1 The scope of the Board Audit and Risk Committee shall include the total activities and operations of all administrative departments, branches, regions and business units of the Company.
- 10.2 The members of the Committee must have free and unfettered access to executive and senior management, the internal auditor (if applicable), and the Company's appointed external auditor at all times.
- 10.3 The Committee should ensure appropriate policies and procedures are established and maintained by management for employees of the Company to confidentially submit information about accounting, internal control, compliance, audit, and other matters about which the employee has concerns.
- 10.4 The Board Audit and Risk Committee has the authority to consult any professional adviser it considers appropriate to assist it in meeting its responsibilities.

